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Russia: Yeltsin on Campaign Trail in Tatarstan, Novosibirsk

MM1106110396 Moscow KOMSOMOLSKAYA PRAVDA in Russian 11 Jun 96 p 2

[Report by special correspondents Boris Vishnevskiy and Aleksandr Gamov: "President Smashes Pots in Tatarstan and Canvasses Mukha in Siberia"]

[FBIS Translated Text] The substantive side of the presidential candidate's latest trip is impressive. During a sabantui [as transliterated] celebration in Kazan the "zur kunak" (distinguished guest) picked up a heavy pole and blindfolded smashed a large earthenware pot.

It is well known that Tatarstan's President Mintimer Shaymiyev, commenting on the possibility of Boris Nikolayevich's reelection for a second term, was until very recently making a substantial reservation: "We favor Yeltsin, but without the war in Chechnya." But Mintimer Sharipovich did not utter it even once during the Russian president's entire stay in Tatarstan. This was probably the visit's main achievement.

The second stop during the presidential trip was in Novosibirsk. The legendary Mukha heads the oblast administration there. There was a time when Vitaliy Petrovich headed the CPSU Novosibirsk Oblast Committee, and in 1991, after Yeltsin disbanded the Communist Party, he was appointed head of the oblast administration. In October 1993 he refused to implement edict No. 1400 and the president relieved him of his duties. But last December Mukha again occupied the same chair, having defeated his numerous opponents in the election. Incidentally, he was actively backed by the CPRF [Communist Party of the Russian Federation]. Nonetheless, Yeltsin flew off to visit Mukha....

The president's first address to the people in Novosibirsk was energetic and appeared to be meant not so much for his young supporters but for his "old opponent": "The Siberians are brainy people. And I think they will make the right choice — for democracy, for a free Russia. Only reforms can secure our prosperous future." It was especially worth noting that, while Yeltsin was uttering these words, Mukha was nodding assent.

Yesterday morning the president and the governor visited the Chkalov Plant's shops, which produce military and civilian aircraft. The workers asked just one thing of the head of state: To make sure that everyone leads a better and calmer life. "This will be ensured," Boris Nikolayevich assured them.

As if to confirm his words, the president pulled out of his pocket and showed them a "smart" little instrument: "If you get lost somewhere, you press this here button — and a worldwide satellite search begins. I can be found anywhere within just 15 minutes." KOMSOMOLSKAYA PRAVDA'S correspondent remarked: "But you are unlikely to get lost, Boris Nikolayevich." Yeltsin laughed out loud: "Of course, I have no intention of losing...."

Boris Nikolayevich then went on the subway and traveled from the Krasnyy Prospekt station to the Lenin Square station. True enough, the subway map showed another station with a nice-sounding and appropriate name: "Zayeltsovskaya." But for some reason Governor Mukha did not take President Yeltsin there.

Russia: Yeltsin Meets Cossacks in Novocherkassk

LD1106091496 Moscow ITAR-TASS in English 0903 GMT 11 Jun 96

[By Vyacheslav Bondarenko and Andrey Shtorkh]

[FBIS Transcribed Text] NOVOCHERKASSK June 11 (Itar-Tass) — Cossacks in the southern Russian city of Novocherkassk presented a sabre to visiting President Boris Yeltsin on Tuesday to behead his enemies, but the Russian leader said there would be no repressions in the country.

"Cut off the heads of your enemies with it", the Cossacks said presenting the sabre.

"I shall not cut the enemies, but we shall win anyway, and win in the first round (of elections)", the president said and promised: "There will never be any repressions in Russia again".

In 1962 Soviet communist authorities sent troops to suppress a peaceful protest demonstration in Novocherkassk and over two dozen people were shot dead in the streets or sentenced to death and executed.

Yeltsin, who has signed a decree giving the Novocherkassk victims the status of victims of political repressions, urged several dozen thousand Novocherkassk residents, who attended a rally in the central square of the city, to show at the June 16 elections that "there is no and will never be a return to the past, Russia will not backtrack, Russia will only go ahead".

"In the last five-seven years we did not spend our efforts either on world revolutions or on socialist construction in Africa", Yeltsin said referring to the former communist rule.

"We have to build our own country, to help the elderly, families with many children, all for who it is especially difficult now", the president said.

He expressed hope that "we shall have enough wisdom and courage to show our Russian character in the decisive moment. It happened always and will happen this time. Russia has been once thrown into the abyss of a civil war which took millions of lives", he said referring to the civil war after the Bolshevik revolution in 1917.

"The victory at elections for us is the path to the preservation of civil peace, a path to ensuring solid public accord, stability, normal life of Russians", Yeltsin said calling on those present to vote for "a free Russia".

Russia: Yeltsin Addresses Youth in Rostov na Donu

LD1006164396 Moscow Mayak Radio Network in Russian 1520 GMT 10 Jun 96

[FBIS Translated Excerpt] Russian President Boris Yeltsin's plane landed at Rostov na Donu en route from Novosibirsk two hours ago. Yeltsin, his spouse, members of the government and of the presidential team stepped out onto the tarmac. [passage omitted]

A convoy of presidential cars left the airport for the Rosselmash stadium, where a rock concert is being held under the slogan: Yeltsin is our president. Both performers and audience awaited the arrival of Boris Nikolayevich. He then addressed those gathered at the stadium.

[begin Yeltsin recording] Hello, young residents of Rostov na Donu! I have just arrived from Novosibirsk and came straight here because I found out that you have gathered here to meet me. Young people, you are the future of Russia. [applause] You are Russia's hope. The free people of Don and the Cossacks have always loved this freedom. I don't think that you would allow youself to be restrained. You would not allow this to happen. For this not to happen you should cast the right vote on 16 June. We should do whatever is necessary for freedom to win on 16 June, for reforms to win on 16 June, for your children to win on 16 June, for Russia's future to win on 16 June, since Russia's future will be determined on 16 June. [end recording] [passage omitted]

Russia: Zyuganov Says Yeltsin Team 'Inciting Hysteria'

LD1106111296 Moscow INTERFAX in English 1051 GMT 11 Jun 96

[FBIS Transcribed Text] MOSCOW, June 11 (Interfax) — Communist leader and presidential candidate Gennadiy Zyuganov categorically denied reports that his supporters plan to take to the streets in case he is defeated by incumbent Boris Yeltsin.

If there are disorders after the elections, it will be the fault of Yeltsin political aide Georgiy Satarov, who is "inciting hysterics," Zyuganov told a Tuesday press conference.

Satarov "is playing the role of Gapon," Zyuganov said, referring to the priest who led a group of workers on a fatal march on the Winter Palace in 1905 and was considered a provocateur by Soviet historians. Saratov's statements about pro-Communist forces planning illegal activity to destabilize the situation in Russia "should be taken up by the prosecutor," Zyuganov said.

Zyuganov said he is ready to sign an agreement on holding fair elections and on obligations to recognize their results.

Zyuganov again discounted polls which have shown Yeltsin gaining on and overtaking him. "Someone's rating doesn't grow from 6 percent to 40 percent that quickly," Zyuganov said. "Only a bamboo in the jungle can do that."

Zyuganov refused to name his potential prime minister, explaining that this issue "must be discussed by the Duma Council, taking into account the opinion of different political forces."

Russia: Zyuganov Viewed Possible Coalition With Zhirinovskiy

LD1006145196 Moscow ITAR-TASS World Service in Russian 1033 GMT 10 Jun 96

[By ITAR-TASS parliamentary correspondent Ivan Novikov]

[FBIS Translated Text] MOSCOW, 10 Jun (Itar-Tass) — The possibility of a coalition with Vladimir Zhirinovskiy will be studied after the first round of the presidential election, the leader of the CPRF [Communist Party of the Russian Federation] told journalists at the State Duma today.

"It is not a question of an alliance. The point is that we formulated our approach to this a long time ago: we are willing to have a dialogue with any political force," Gennadiy Zyuganov explained. "After 16 June, we will examine the political weight of each and every one, and then we will decide on our tactics and strategy," he added.

Russia: Anpilov Discusses Plans for Restructuring TV if Given Job

LD1006170096 Moscow NTV in Russian 1700 GMT 9 Jun 96

[From the "Itogi" program]

[FBIS Translated Text] [Correspondent Yevgeniy Kiselev] Although it is still not clear who really belongs to

Gennadiy Zyuganov's shadow cabinet, it seems that a candidate for one of the posts has finally been determined, in any event in the public conscience. Viktor Anpilov, a member of Zyuganov's bloc, speaks about his plans for restructuring the national television.

[Begin recording] [Anpilov] If, let us say, I am made the offer of heading television, even despite the fact that there may be many of my comrades who are against it, in my party, the Russian Communist Workers' Party, I will not refuse. The first steps will be to remove that anti-national bias that is to be observed on our national television. I mean music programs. I mean serials that do not reflect at all our life and only spirit people away into some kind of religion, some kind of television religion. That has to be put right!

[Unidentified correspondent] What will you do about the nationality question?

[Anpilov] I think it is a key question. I think that there are many people on television, comrades, my colleagues, who, in Russia, do not have the right to appear on screen because they have a speech impediment. Well, if you cannot pronounce your r's properly — well, Lenin could not either, but Lenin at least did not appear on screen as a journalist! He was a writer!

I think that representatives of indigenous populations should appear on screen, those who speak, who were born with that language, who speak in that language, and who externally express most precisely the main body of the population of the country.

I am an internationalist. But we see only persons of Jewish nationality. That offends us! That is not possible! Look who they make programs about: actor Zinovyy Gerdt, actor Aleksandr Gaft, everywhere you look! All on the same channel! Please be so kind — you have a program directorate — pass it on for it do something to ensure that, for instance a Chuvash, Buryat, Russian appears on television from time to time. That is normal. The country has many nationalities.

I could also say that without a doubt a replacement will be found for [Russia TV channel correspondent] Nikolay Svanidze. Even for Svanidze...[pauses] There is local television in Klin, in Klin in Moscow Region, and the young journalists who present it are highly professional and they could today, it seems to me, present any program.

[Correspondent] When you were a journalist, what program did you present?

[Anpilov] If I came back now, for instance to radio or television, I sincerely would like to work on a mobile center when one can go right on the air from the street or from the scene of any event. That is state-of-the art journalism. It is developed in all countries and I would like to work on it.

[Correspondent] With what material?

[Anpilov] With what material? In the first instance, I would put together a report now accusing the Moscow authorities. I once warned that the privatization of apartments will turn sour. I would also put together reports today from clubs and pubs.

I would like the television world not to forget our own journalistic traditions, such as [early 20th century Russian writer and journalist] Vladimir Gilarovskiy who was always with the people, no matter how difficult things were, no matter how difficult the circumstances were! He was always right in the thick of it.

For instance, it is enough to have 10 percent of foreign music on television, the rest should be our own performers. We have splendid performers! I am glad when I see on television — it is true that you have it only in the mornings, only for a narrow public — a popular art program, in which we see what singers we have.

I can tell you who turns me off — the one that goes [rasps] — what is his name? He hosts some kind of competitions or other I think!

[Correspondent] Valdis Pelsh.

[Anpilov, laughs out loud] Valdis Pelsh! Good God! What a horror! To be brief, it is like being in a toilet! It is only for school pupils. There is such a method for school pupils.

[Correspondent] Why?

[Anpilov] Why? Television loves simplicity of feeling, when feelings are natural, for instance, when a fight is a fight, isn't that right? [end recording]

[Kiselev] Once I thought long and hard and could not quite think whom Viktor Anpilov reminded me of! Now it has hit me and it occurs to me that he is the spitting image of the hero of that popular film "The Heart of a Dog." If Anpilov did not exist, he would have to be invented, just as Mikhail Bulgakov invented his Sharik [name of dog who becomes man in work "The Heart of a Dog."]

Russia: Warning About Communist Armed Detachments Said Heeded

LD1006132896 Moscow ITAR-TASS in English 1301 GMT 10 Jun 96

[By Tamara Zamyatina]

[FBIS Transcribed Text] MOSCOW, June 10 (Itar-Tass) — Presidential aide Georgiy Satarov, who recently warned that the communists had "armed detachments" at their disposal, told a press conference on Monday that his admonition to the authorities and the society was heeded.

According to Satarov, President Yeltsin had discussed with Russian Public Prosecutor Yuriy Skuratov and Interior Minister Anatoliy Kulikov ways to prevent the opposition's violent actions. "I hope they are on the alert," the presidential aide said.

He believes that the scenario of the unconstitutional seizure of power by the communists, outlined in the "secret report," published by the newspaper "NEZAVISIMAYA GAZETA" on Saturday, was quite "trustworthy and possible."

According to this scenario, the communists are to publish their own results of the voting that will contradict the official figures, to legalise them in the State Duma, thereby provoking dual power in the country and forcing the president to capitulate.

Satarov believes that the publication of such documents by the secret services is necessary to "prevent violent actions."

Russia: CPRF Action Plan in Event of Election Defeat Analyzed

MK0806140296 Moscow NEZAVISIMAYA GAZETA in Russian 8 Jun 96 pp 1, 3

[Text of unattributed analytical report "On the New Strategy and Tactics in the Communist Struggle for Power in the Event of an Electoral Defeat," with the general heading: "Yet More Proof of Heightening Tensions in the Electoral Struggle. Two Most Serious Charges — of Preparing To Seize Power and of Maintaining Contacts With Chechen Separatists — Hurled at Communists"]

[FBIS Translated Text] The analytical report below was passed to the "NG" editorial board by a person who for the time being wishes to remain anonymous.

This document is undoubtedly based (the fact-sheet part) on field intelligence reports of the Russian special services — in all likelihood, the Federal Security Service [FSB] and the Presidential Security Service [SBP]. Nonetheless, the analytical part of the document appears to have been drawn up by people who are more inclined to political analysis than to the simple statement of facts. It is not by chance that the authors carry the worst-case scenario as far as a third world war.

The authors undoubtedly support the incumbent president (this can be proved if only by the paragraph that opens the report's first section — "A change of tide in the election campaign..."). Sometimes they use strange terms, for instance, "denouncing the official election results." It would be more appropriate to say "to disavow" or "to appeal," because "to denounce" is a legal term from international (diplomatic) law, not electoral legislation.

This reports levels essentially two fundamental and sensational accusations at the Communists. One of them has already been heard — that they are making preparations for the illegal seizure of power if the election results do not suit the CPRF [Communist Party of the Russian Federation]. The other is a new one: The CPRF leaders are accused of maintaining contacts with Chechen separatists, including even Dudayev. Generally speaking, Gennadiy Zyuganov is known as an extremely cautious politician. It is not by chance that he led the Communists out of the White House on the eve of the 3-4 October 1993 events and even went on the air the day before to make a statement that essentially meant the CPRF's withdrawal from the conflict between the Kremlin and the Supreme Soviet.

It is difficult to assess how justified these two charges leveled at the CPRF in the report are, or to discern the actual objectives its authors are trying to pursue. They either attempted to objectively describe the situation for the president (he or someone close to him appears to be the report's main addressee) or to arrange facts in such a way and to offer such an analysis of these facts that would prompt the president to take preventive measures. In any case, this report is already sitting on the desks of certain very high-ranking officials and, for this reason, affects actual policies.

"NG" assumes full responsibility for making this document public and is ready to publish well-argued refutations by those who disagree with the content of the report.

On the New Strategy and Tactics in the Communists' Struggle for Power in the Event of an Electoral Defeat (Analytical Report)

Information that has been coming in lately through intelligence channels indicates the possibility of a drastic heightening of political tensions in the final stage of the election campaign. In the event that the results of the vote turn out to be unfavorable for the Communists, attempts at stirring up tensions artificially, denouncing the official election results, and pushing the political standoff beyond the constitutional framework will be a likely possibility. Also discernible are the prospects for a large-scale political crisis and a switch of the intransigent opposition to the use of force in the struggle for power after its defeat in the election or an insufficiently clear outcome of the vote (the approximate balance of votes cast for each of the two main candidates).

The assessments and forecasts offered below are based on confidential information from sources inside the Communist movement, secret programs and analytical memos of the Communist Party, documents for official use (minutes and transcripts of meetings and plenums of the Central Committee, conferences of party leaders), and reliable reports by the mass media and public organizations.

Given that this development of events could pose a serious danger for the socioeconomic and political stability of the country, the Constitution and state institutions of the Russian Federation, human rights, and public security, we think it necessary:

a) to brief the chiefs of corresponding subdivisions xxx xxx, xxx xxx, and xx xxx (Footnote 1) on this document so that they can get their bearings and use it in their day-to-day work to protect the Constitution and public security;

b) to hold not later than xx xxx xxx xx (Footnote 2) an interdepartmental conference on matters of ensuring social stability as well as law and order during and after the election campaign so as to draw up an agreed-upon plan of action and to devise mechanisms for the coordination of efforts;

c) to intensify control over compliance with the law during the election campaign and the activity of public associations, and to step up administrative and legal enforcement measures in the event that violations are revealed.

1. A Change of Tide in the Election Campaign and the Increasing Influence of the Radical Wing Within the CPRF

Many saw a drastic change of tide in the election campaign. President Yeltsin eliminated a serious gap in ratings with his main opponent and went on increasing his lead by winning over the potential votes of those who tend to the political center or have not yet made up their minds. Yeltsin's chances of victory in the second round have increased considerably and continue to grow. Prospects remain for forming after the second round a broad coalition in support of Yeltsin, which would bring together a wide range of moderate and reformist forces and would be capable of attracting the votes of an overwhelming majority of the electorate. In this situation the CPRF will find itself in political isolation and will lose whatever chances it might have had of achieving victory by democratic means. It is also obvious that President Yeltsin has much more extensive political and organizational resources to successfully complete the campaign compared to his main rival.

A crisis situation has come about in Zyuganov's election campaign. Observers point out the following aspects:

— Zyuganov could not transcend the limits of the traditional Agrarian-Communist electorate (less than one-third of the voters) and win over moderate voters;

— The much-touted "people's-patriotic bloc" turned out to be a sham. It includes insignificant or even simply nonexistent organizations; moreover, scandals have broken out over fraud allegations where a number of organizations have been included on the list without the consent of their official leaders. Essentially, this is the former bloc of the Agrarians and the Communists, camouflaged as a "people's-patriotic front" thanks to the participation of certain nationalist organizations;

— Zyuganov could not gain unrestricted access to the mass media, first of all, television. At the same time, emphasis on verbal campaigning and the use of radical Communist activists as campaigners have backfired because this has undermined Zyuganov's image as a moderate and constructive politician;

— The stress on purely negative campaigning proved to be misplaced. The focus of public interest has turned away from the hardships of the recent past and the present time to the questions of future life arrangements and the possibility of improving the situation. The candidate of the bloc of national and Communist forces proved to be unable to draw up and offer to the voters a convincing plan of action;

— The CPRF's organizational and financial capabilities are nearly exhausted and cannot ensure effective campaigning in the second round; growing differences and intrigues inside the CPRF have introduced elements of disorganization to the Communist election campaign and reduced its efficiency;

— According to public opinion polls, the voters are skeptical about Zyuganov's promises, and many people are fearful of serious upheavals and a drastic worsening of the situation in the event the Communists come to power.

Against this backdrop, serious adjustments are taking place in the CPRF leadership's assessment of Zyuganov's chances of victory, the alignment of forces inside the party leadership, and the strategy of the Communist Party's further struggle for power.

The closed-door sixth plenary meeting of the CPRF Central Committee was a watershed in that regard. The plenum deemed the way Zyuganov's election campaign was run to be "unsatisfactory." Valentin Kuptsov, first secretary of the CPRF Central Committee and the real head of the party, admitted that Zyuganov had lost the major cities, which have crucial importance for electoral victory. Harsh criticism was leveled at the performance of the Communist faction in the State Duma. "Defeatist" sentiments have become clearly discernible inside the CPRF (V. Romanov, A. Frolov, V. Kuznetsov, and so forth). The party leadership is leaning toward the idea that under the new conditions the victory of "the candidate of the ruling regime" will be the most likely outcome and suggests that "the party and its activists should be prepared for the possible unsuccessful outcome of the upcoming election so as to avoid internal splits and to keep its forces intact for future combat." There was also persistent back-room talk during the plenum about the opportunism of Zyuganov, who is looking for a compromise with the authorities and holding clandestine talks with them behind his comrades' backs. Gennadiy Seleznev, Communist speaker of the State Duma, was removed from all his party posts (secretary of the CPRF Central Committee and chief editor of the newspaper PRAVDA) for his policy of compromise.

The plenum drew the crucial conclusion that "the relatively democratic period of the CPRF's struggle for power is drawing to an end." Coming now on the agenda is the question of switching to a new strategy and tactics in the struggle for power, relying on energetic mass actions and non-parliamentary methods of struggle with "the anti-people's regime." The plenum also revealed an abrupt increase in the influence of the radical group (A. Shabanov, L. Petrovskiy, G. Kuyevda, V. Zorkaltsev, V. Varennikov, A. Makashov, A. Lukyanov, V. Bratishchev, Ivanov, and others) inside the CPRF. This group draws on the support of the most radical local CPRF branches and maintains close links with other Communist and nationalist organizations of extremist hues. The radical Communists urged the CPRF to part with its "parliamentary illusions" and to switch to revolutionary methods of struggling for power. In the view of informed observers, G. Zyuganov is losing control over the party and becoming hostage to its radical wing, which has come to increasingly determine the party's political line and to control its staff.

The top leadership of the party and its Central Committee in principle backed the radicals' call for a switch to tougher measures in the political struggle. Proceeding from a more realistic assessment of the possible consequences of a head-on clash with the authorities, however, they proposed the tactics of "creeping revolution": phased destabilization of the situation, the ratcheting-up of pressure, the weakening of the ruling regime's positions, and the seizure of power at various levels.

According to the assessments of the party leadership, in fall 1996-spring 1997 yet another "revolutionary situation" will come about, which will open up for the CPRF realistic opportunities of coming to power by riding the crest of organized mass protests and non-parliamentary methods of struggle with the "ruling regime."

So, in tactical terms, the CPRF's struggle for votes during this election campaign is no longer aimed at achieving election victory — the Communists do not believe in it any longer — but at creating the illusion of an approximate balance of political forces and at perpetuating the country's split along political lines.

2. The "Radical" Strategy of the CPRF's Struggle for Power

The Communist Party has traditionally thought it possible to use any form of struggle for power, unrestrained by the rule of law or respect for the Constitution. The CPRF program (Moscow, 1995) says bluntly: "The party has used and will continue to use various forms of non-parliamentary... struggle, including strikes and other forms of civil disobedience..." (p 23)

According to preliminary assessments, the Communists' new strategy and tactics in their struggle for power include the following main elements:

1) The establishment of control over electoral commissions and the creation of their own mechanism of vote counting (an alternative electoral system).

According to our information, many electoral commissions at the grassroots level have long been under strong Communist influence. By the estimates of the Modern Policy Institute, at least one-third of grassroots electoral commission members belong to the CPRF or sympathize with it. By other estimates, at least half the grassroots commission members hold pro-Communist views, while in many regions the Communists have gained complete control over such commissions. The CPRF plans to reinforce this control during the election by delegating its cadres to the commissions through "friendly" local administrations and workers' collectives of enterprises and associations headed by "red directors."

Another mechanism of control is the establishment of an all-encompassing network of "observers" at polling attempts at stirring up tensions artificially, denouncing the official election results, and pushing the political standoff beyond the constitutional framework will be a likely possibility. Also discernible are the prospects for a large-scale political crisis and a switch of the intransigent opposition to the use of force in the struggle for power after its defeat in the election or an insufficiently clear outcome of the vote (the approximate balance of votes cast for each of the two main candidates).

The assessments and forecasts offered below are based on confidential information from sources inside the Communist movement, secret programs and analytical memos of the Communist Party, documents for official use (minutes and transcripts of meetings and plenums of the Central Committee, conferences of party leaders), and reliable reports by the mass media and public organizations.

Given that this development of events could pose a serious danger for the socioeconomic and political stability of the country, the Constitution and state institutions of the Russian Federation, human rights, and public security, we think it necessary:

a) to brief the chiefs of corresponding subdivisions xxx xxx, xxx xxx, and xx xxx (Footnote 1) on this document so that they can get their bearings and use it in their day-to-day work to protect the Constitution and public security;

b) to hold not later than xx xxx xxx xx (Footnote 2) an interdepartmental conference on matters of ensuring social stability as well as law and order during and after the election campaign so as to draw up an agreed-upon plan of action and to devise mechanisms for the coordination of efforts;

c) to intensify control over compliance with the law during the election campaign and the activity of public associations, and to step up administrative and legal enforcement measures in the event that violations are revealed.

1. A Change of Tide in the Election Campaign and the Increasing Influence of the Radical Wing Within the CPRF

Many saw a drastic change of tide in the election campaign. President Yeltsin eliminated a serious gap in ratings with his main opponent and went on increasing his lead by winning over the potential votes of those who tend to the political center or have not yet made up their minds. Yeltsin's chances of victory in the second round have increased considerably and continue to grow. Prospects remain for forming after the second round a broad coalition in support of Yeltsin, which would bring together a wide range of moderate and reformist forces and would be capable of attracting the votes of an overwhelming majority of the electorate. In this situation the CPRF will find itself in political isolation and will lose whatever chances it might have had of achieving victory by democratic means. It is also obvious that President Yeltsin has much more extensive political and organizational resources to successfully complete the campaign compared to his main rival.

A crisis situation has come about in Zyuganov's election campaign. Observers point out the following aspects:

— Zyuganov could not transcend the limits of the traditional Agrarian-Communist electorate (less than one-third of the voters) and win over moderate voters;

— The much-touted "people's-patriotic bloc" turned out to be a sham. It includes insignificant or even simply nonexistent organizations; moreover, scandals have broken out over fraud allegations where a number of organizations have been included on the list without the consent of their official leaders. Essentially, this is the former bloc of the Agrarians and the Communists, camouflaged as a "people's-patriotic front" thanks to the participation of certain nationalist organizations;

— Zyuganov could not gain unrestricted access to the mass media, first of all, television. At the same time, emphasis on verbal campaigning and the use of radical Communist activists as campaigners have backfired because this has undermined Zyuganov's image as a moderate and constructive politician;

— The stress on purely negative campaigning proved to be misplaced. The focus of public interest has turned away from the hardships of the recent past and the present time to the questions of future life arrangements and the possibility of improving the situation. The candidate of the bloc of national and Communist forces proved to be unable to draw up and offer to the voters a convincing plan of action;

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Another mechanism of control is the establishment of an all-encompassing network of "observers" at polling stations whose numbers exceed 100,000 people. The functions of CPRF "controllers" include:

— "individual work" with electoral commission members so as to draw them to their side;

— maintenance of direct communications with local CPRF headquarters on election day for the purpose of organizing prompt intervention at "adverse" polling stations;

— creation and active exploitation (together with the electoral commissions under their control) of the possibilities of influencing voters and rigging the voting results in their favor (by making changes to lists, destroying ballots, or stuffing ballot boxes with fake ballots, fabricating extra permits allowing for the casting of ballots elsewhere, using transportable ballot boxes in an uncontrolled fashion, and so forth);

— obstruction of effective control over the process of voting and vote counting by observers from other political parties and public associations;

— collection and fabrication of reports on violations and falsification on the part of their political opponents in order to mount a campaign to discredit the election results in the event the outcome is unfavorable for the Communists.

Their objective is to have the greatest possible influence on the voting results and — in the event of defeat — to lay the groundwork for denouncing the official election results and starting a new stage of "revolutionary" Communist struggle for power.

Subsequently it is planned to transform the network of party "controllers" into a system for organizing and conducting elections as an alternative to the official system, the so-called "electoral commissions of people's trust," which are designed to play an important role in bringing about the situation of dual power on the country's territory.

2) Destabilization of the sociopolitical situation during the election period and provoking mass protest actions against the current authorities.

The CPRF leadership envisages measures to step up its campaign of thwarting the implementation of presidential decisions on the payment of wages, pensions, and other social benefits through their "agents of influence" in the government staff, local administrations, and enterprises chiefs under their control. Plans are drawn up to bring a number of enterprises to a standstill, and to disrupt the operation of public transport and the electric power supply in certain regions. Against this backdrop, groups of Communist activists and organizers are due to step in for the purpose of stirring up the disgruntlement as much as possible, provoking conflicts and heightening tensions as well as organizing mass protests and actions against the current authorities (rallies, meetings of workers collectives, demonstrations, strikes, pickets, hunger strikes, and so forth). CPRF instructions require the activists to replace economic demands with political ones, and to organize mass actions under antipresidential and antigovernment slogans.

Currently the CPRF has been engaged in an active effort to create strike committees at enterprises and in military units. The "Congress of Russian Workers," which was held by the CPRF on 18 May of this year, was devoted precisely to this problem. The list of regional strike committee leaders has been approved together with the lineup of the central strike committee, which is kept secret. At the same time the strike committees set their sights not only on the organization of mass protest actions, but also on direct action "from the bottom up" to seize control over enterprises, military units, and local authorities. A campaign is planned in the CPRF-controlled mass media to extensively cover these goings-on in order to create the impression of "a rising tide of popular protest against the regime of national treason." The final goal of this campaign is to lay the groundwork for an all-Russia political strike that is due to create conditions for the subsequent "revolutionary" seizure of power by the CPRF.

The Communist Party's secret plans assign a special role to activity designed to thwart a peace settlement in Chechnya at the decisive stage of the election campaign, in order to discredit the Russian Federation president. It is known that there have been regular contacts and consultations between Zyuganov and Dudayev representatives aiming to coordinate activity in the context of the election campaign. At present, informal contacts continue with Dudayev successors, above all Maskhadov and Basayev, via CPRF representatives in the Caucasus. The CPRF leadership believes that the most beneficial option for itself is a "delay in the settlement, resulting from numerous acts of terrorism and successful operations by separatist fighters, which will create increasing problems for the head of state." A number of radical Communist organizations support Chechen separatists, representing their activity as a fight for "the national liberation from an occupation regime" and calling for "a Leninist solution" of the Chechen issue based on "the right of nationalities to self-determination, including separation."

Under these conditions, it cannot be ruled out that Communist secret agents in the Caucasus will provoke some of the most intransigent Chechen separatists into committing new acts of terror and armed clashes on the eve of election day with the aim of scuttling plans for a peace settlement and to aggravate the armed conflict in Chechnya. Such an action is being prepared in Groznyy for 16 June this year in order to thwart elections to the Chechen parliament. The CPRF ideological department is already developing propaganda guidelines for this eventuality. An important role here belongs to the idea of aggravating the contradictions between the political leadership and the military under the slogan "Politicians Have Once Again Betrayed the Army," and also plans for vigorous propaganda among the officers of the military contingent in Chechnya. Reports from the area show that Communist organizations are already working to create a "movement of Chechen veterans" (on the analogy of the Afghan veterans' movement) and subsequently turn it into a striking anti-governmental force at the new stage of the power struggle.

A major role in the general scheme for the destabilization of the sociopolitical situation during the election period is assigned to the State Duma. It was proposed at the CPRF closed Sixth Plenum to "organize... an aggravation of the situation by using forces in the State Duma." In effect, the Duma has been turned into the CPRF election headquarters. The Communist Party has monopolized all personnel appointments in the Duma staff and at present is reorganizing the staff and the business management administration of the State Duma with the view to placing it under its full control. Communist deputies in effect do not engage in legislative activity but use all of their time and state funds to organize political agitation on behalf of the CPRF. According to our sources the Communists are making preparations for the convocation of an emergency Duma session after the first round of voting in order to pass a vote of no confidence in the Chernomyrdin government and provoke a political crisis before the decisive round of the elections. Cause for that could be both events in Chechnya and "growing popular protests, testifying to the utter collapse of the socioeconomic policy of the president and the government."

3. Denunciation of the Election Results, Creation of a Dyarchy Situation, Preparation of a Coup d'Etat, and the Threat of Civil War.

CPRF internal documents indicate the party is preparing to reject the results of the popular expression of will in the event of its defeat in the elections. This purpose is served by the CPRF's propaganda campaign based around the allegedly inevitable falsification of election results by the Central Electoral Commission on orders from the ruling authority. The Communist Party is trying thus to hedge itself against a possible political defeat, so as in any event to retain its claims on supreme state power. The denunciation of the official election returns opens to the CPRF a way to create a dual-power situation and a new stage in the struggle for power, with emphasis being placed on non-parliamentary, unconstitutional methods of political confrontation.

The scenarios for a "power seizure" after the elections, developed by the CPRF, call for extremely reckless actions capable of dragging the country into civil war and placing it on the verge of a national catastrophe. The most dangerous option, which, unfortunately, has its own ruthless logic, envisions the following course of developments:

1) Based on its own results of the vote tally and alleging mass violations and falsifications, the CPRF declares the elections invalid and refuses to recognize their results. Based on the CPRF's own vote count, Zyuganov is declared the winner; that is to say, the legitimate president of Russia. He organizes an inauguration ceremony and is sworn in as president on CPRF-controlled territory. Alternative presidential structures begin to be formed. A dyarchy situation emerges at the top level of state power.

2) The pro-Communist Duma immediately adopts a resolution in support of the "legitimate president" and appeals to the citizens, the armed forces, and the state power agencies at all levels to support him and to follow only his orders. The Federation Council adopts a dubious or a wait-and-see position or divides, allowing the situation to follow its course. Should it put up resistance the Duma proclaims the Federation Council an illegitimate structure on grounds that it was not elected democratically but was appointed by the former president at his own will. President Zyuganov disbands the Federation Council and calls elections for a new Federation Council which are immediately organized on Communist-controlled territory. The State Duma approves the candidacy of the premier and the composition of the government of "popular trust" proposed by President Zyuganov. The dual-power situation emerges at the top level of executive power in the country.

3) The Communist Party organizes a mass movement of "popular protest" against the falsifiers of the elections, for the resignation of the illegal president and the government, for civil disobedience, and in support of a government of "people's trust" based on opposition forces. If the president and the government do not capitulate and cede power voluntarily at this stage, the CPRF moves on to the next stage of escalating the political conflict.

4) The "Red" regions that most actively supported the Communists in the elections take the lead in swearing loyalty to the "legitimate president and government" at the level of administration chiefs, military dis-

trict and military unit commanders, chiefs of regional power structures, and directors of enterprises and organizations. CPRF oblast and kray committee bureaus are restored, including local elite representatives who have sworn allegiance. Various interregional coordinating structures are created; conferences are convened, and Communist Party-controlled agencies circulate directives to the local structures. To ensure implementation of the "party line" at the local level, the institution of commissars (deputies) is restored in some form or other. A dual-power situation emerges at the regional and local level across the country. The country, in effect, ends up torn into parts and divided into the opposing "zones of influence" of the two main political forces.

5) Strike committees, labor collective councils, trade unions, councils of workers' self-defense units, and civil control committees seize power "from the bottom" in a revolutionary way and assume control of enterprises, state establishments, and local power structures. Collisions and armed clashes begin with law enforcement forces that have stayed loyal to the incumbent president and the government, and provocations and acts of terrorism and sabotage are organized. The Communist Party continues to form and arm its paramilitary structures and to create its own "revolutionary law enforcement" agencies. Armed clashes turn into hostilities at the local level. Regular military units begin to get involved on both sides. The country gets dragged into a civil war.

In CPRF-controlled regions, the soviet power structure is restored at all levels. Measures are taken to suppress resistance by representatives of the "national betrayal regime," the new bourgeoisie, and petty bourgeois elements. "Public control" of media outlets and production, distribution, and supply systems is established. The dual-power situation penetrates down to the lowest level of society.

6) The state loses its integrity; the structure of unified state administration of the country is wiped out; and financial, transport, communication, trade, distribution, and supply systems are destroyed. Production practically freezes; the country finds itself in a profound socioeconomic crisis; chaos and destruction begin in all vital systems of modern society. The country is in a state of civil war and on the verge of a national catastrophe. The Communist Party — on territory under its control — moves to a policy of war Communism, restoring the Stalinist model of state administration.

7) Amid mounting chaos, disintegration, devastation, and civil war, the Communist Party appeals "to all true patriots of Russia" to create new state administration agencies. The final phase of the anti-constitutional coup is implemented. With the participation of the "patriotic" part of the military brass, a Supreme State Council of Russia is created, endowed with emergency powers; a program of emergency measures to stabilize the situation and overcome the crisis is promulgated. The people are promised new elections and a new Constitution after the crisis is overcome. In fact, however, the CPRF maximum program is actuated, which envisions the restoration of socialism and Soviet power (with the leading role of the renovated Communist Party) in its new, "national-Communist," version.

8) Relations with the West are severed, and Russia finds itself in an economic blockade. In order to "consolidate geopolitical positions," the USSR begins to be restored by invigorating the Communist movements in other CIS states and destabilizing the ruling "anti-people regimes," and through measures of economic, political, and military pressure on the CIS states. Russia ends up in a state of war with its neighbors and in complete international isolation. An "iron curtain" policy is introduced, and new confrontation with the West begins. NATO borders sharply expand to the east. Russia and the partially restored USSR become a laboratory for a new model of "Russian Communism," a "new Eurasian civilization," and assume the functions of the leader of the world's national-liberation movements against the domination of bourgeois Western civilization. Relations with "traditional geopolitical allies" are restored, and a search for new allies in the "struggle of civilizations" gets under way. A new spiral in the arms race begins, which signifies material and political preparations for a re-division of spheres of influence and with it for a third world war.

Having transcended the bounds of the Constitution in its political struggle, the CPRF can no longer go back, and, in order to avoid a final political collapse, it will have to move to new stages of escalation of the political conflict, with more and more serious implications. In the end both the party and the country as a whole could wind up as hostages to a situation that no one can control any longer and that will develop according to the laws of its own crazy logic — the logic of confrontation, despair, fear, and hatred. This process will push to the surface of public life all the extremist, psychologically unstable, and man-hating forces, which will produce an increasing impact on the course of developments.

4. The CPRF's new strategy and the power structures.

Within the framework of its new strategy and tactics, the CPRF places special emphasis on the military and other power structures. Zyuganov's "state-patriotic" rhetoric is, for understandable reasons, primarily aimed at them. Communist Party leaders are fully aware that they can count on the support of only a minority of the population — furthermore, far from the most active social sections — and that they are not in a position to seize and hold power without substantive support from the pro-Communist and national-chauvinist part of the leadership of the military, special services, and defense industry. The CPRF has rather firm positions both among the military leadership (at the level of commanders and deputy commanders of some branches of services and military districts) and in special services at the center and at the regional level, especially among the former "party-sponsored intake" in the KGB, the Internal Affairs Ministry [MVD], and state prosecution agencies.

At present CPRF activity in the military and other power structures proceeds along three main lines:

First, the quite real and objective difficulties confronted by the power structures (underfinancing of the military and the military-industrial complex, the scaling down of military production, the plight of military servicemen in Chechnya and other hot spots, the loss of the military's social prestige, and so forth) are being actively used for anti-presidential and anti-governmental propaganda among the troops, and for promoting the stereotypes of "international conspiracy," "national betrayal," "the venality of politicians," and so forth. In effect senior and junior officers are being psychologically conditioned to betray their oath of allegiance and their constitutional duty. At the same time it is promised that the new "state-patriotic" government will ensure especially favorable treatment of the military and the power structures, giving them priority in material and technical supply, higher salaries and social status, and expanding the rights and capabilities of the special forces and law enforcement agencies.

Second, secret contacts and confidential relations are consistently and systematically promoted with those ranking officials in the power structures who adhere to pro-Communist or national-chauvinist positions. This category of people, according to the CPRF plan, should play a decisive role in carrying out the coup d'etat and in crushing the resistance of political opponents and all malcontents. Since 1994 — having drawn conclusions from the October 1993 events — the CPRF has been actively working in the troops, primarily with top and mid-level command personnel, trying to secure a base in the military. Transcripts of confidential discussions show that in exchange for their support officers and generals are promised higher ranks and positions, special rights in the sphere of foreign economic activity, "top-level" state support, and personal immunity. According to our sources, in late May Zyuganov held closed consultations with a number of military leaders that were sanctioned at the level of service commander in chief (transcripts are enclosed).

A key role in maintaining these confidential contacts is played by two "special" channels of the CPRF. The first is the State Duma Security Committee, headed by V. Ilyukhin, member of the CPRF Central Committee. Ilyukhin actively uses his Duma powers to secure information from and maintain contact with power structures at different levels. The committee staff, formed almost exclusively on the party principle, has been essentially turned into the party's political intelligence center. The second channel is the non-governmental organization RAU-Corporation, created under the Russian-U.S. University, and the sociopolitical movement Spiritual Heritage, which closely cooperate with many former and current special service officers. Both organizations are headed by A. Podberezkin, who is deputy chairman of the State Duma International Affairs Committee and one of the most influential and trusted figures in G. Zyuganov's inner circle. This is, in effect, a single organization, where RAU-Corporation plays the role of a financial and organizational-technical base, while Spiritual Heritage, the role of a political-ideological suprastructure.

Note: Gennadiy Zyuganov closely cooperated with the Russian-U.S. University in 1993-1995, where he underwent a course of "reeducation" in the spirit of national-patriotic ideology. From there he was "planted" by national-patriots into the post of CPRF chairman as a counterweight to "orthodox Communist" Kuptsov. In January 1996, the Spiritual Heritage Central Council nominated Zyuganov as a candidate for Russian Federation president and formed an action group that ensured the raising of signatures and the candidate's registration at the Central Electoral Committee. Zyuganov also actively used A. Podberezkin's extensive connections in the Defense Ministry, the Federal Security Service [FSB], and law enforcement agencies to establish contacts and promote relations with the military leadership of power ministries and departments.

Analysts believe that Spiritual Heritage is organized on a double principle: The public organization, which operates openly, is used as a front for a secret order of "Knights of Spiritual Heritage" that works to expand the national-Communist influence in the power structures. Numerous conferences, symposiums, and seminars, regularly organized by Spiritual Heritage, with their subject matter generally oriented toward special services and military structures, are used as a cover. For instance, leading officials from the Supreme Court, the Arbitration Court, the Customs Committee, the Tax Police, the FSB, the MVD, and the Tax Inspectorate took part in a conference entitled "Strong Special Services — Strong

Russia," held under Gennadiy Zyuganov's personal direction in October 1995. The movement's second congress, which was held in Moscow on 3 and 4 June this year and which adopted a resolution "On Supporting G. Zyuganov's Candidacy in the Presidential Elections in Russia," was broadly attended by recently retired ranking officials of state security services who have preserved good connections in the power structures.

Third, CPRF "strategists" are trying to play what they think is a "subtle" game with the chiefs of the power departments. On the one hand, they are constantly seeking contacts and trying to build a dialogue via middlemen, with an eye toward a separate deal. Proposals are being conveyed to Minister of Internal Affairs A. Kulikov, FSB Chairman M. Barsukov, and Border Troops chief A. Nikolayev that they would stay in their positions in the event the Communists win. On the other hand, attempts are being made to discredit the same persons through "leaks" to the Presidential Security Service of fabricated internal documents of the CPRF containing information on alleged talks with and consent in principle with these persons. Similar motifs are often heard in the statements of leaders of the party and their praise for the people of "statesmanlike thinking" wearing shoulder boards. The objective being to arouse suspicion, provoke conflict, and prod them into betrayal by leaving them no other choice.

Secret guidance and directives to CPRF agents suggest that they carry out an "intensive sowing of illusions and hopes" among the heads and staffers of special services, as well as to increase to the maximum division and mutual mistrust so as to neutralize the special services in the first stage, when the Communist party would be establishing its control over the army. Following this and leaning on army structures, it is planned to carry out a radical personnel purge and reorganization of special services so that they should once again become the party's reliable "shield and sword."

5. The CPRF's Preparation for Armed Struggle for Power.

Information is coming in through practically all channels that, following victory in the December Duma elections, the Communists and extremist and nationalist organizations connected with them launched serious preparation for the variant of an armed struggle for power. This work is being directed in the CPRF by people (each doing it in his own specialized area) who already were tried, convicted, and later imprudently amnestied — Generals Achalov, Varennikov, and Makashov.

During the 8 February 1996 meeting of the CPRF Central Committee, G. Kuyevda, head of the "Perovo-K4" firm and at the same time a member of the Central Executive Committee on a classified list, stated that the CPRF had at its disposal four army divisions ready to go into action at any moment, and that it was time to go over to the tactic of seizing power by force because all conditions were there at that time. Other radical figures in the party also came out with these sorts of calls in closed CPRF meetings.

In addition to regular military units which are under the Communists' influence, the CPRF gambles on its own armed detachments. The task of the latter is "protection" of Communists' unlawful actions (ostensibly the "spontaneous" capture of enterprises, banks, administrative buildings, radio and television, warehouses, communications centers and transport by "indignant masses"), forcible resistance to the state law enforcement bodies under such situations, "accompanying" meetings and demonstrations, the organization of provocations and clashes with the militia and OMON [special-purpose militia detachments], the "neutralization" of key figures and structures of the regime under conditions of a "special situation," and the capture of military dumps and arsenals.

The party's military guard is the so-called "Achalov Regiment" formed in the fall of 1993 and which unleashed the bloody events outside the City Hall, the White House, and at Ostankino [TV Center]. At the present time it comprises several major subdivisions, including the "Udarnaya Brigada [Shock Brigade]," the "Rus" and "Rabochaya Gvardiya [Workers' Guard]" battalions, and the "Polk Verkhovnogo Soveta [Regiment of the Supreme Soviet]." They hold regular exercises and target practice, practice the tactics of street operations, and accumulate weapons and clothing. The "Achalov Regiment" has already taken the oath of allegiance to the "single candidate of the national-patriotic forces Gennadiy Andreyevich Zyuganov."

S. Terekhov's Officers Union is in actual fact a reduced-strength structure of the CPRF which effected the [attempted] takeover of the CIS Joint Armed Forces headquarters in October 1993. Bringing together former career officers, this organization can be rapidly expanded into a mass paramilitary structure through the inclusion of workers druzhinas [detachments] of V. Anpilov's "Working Russia" and V. Tyulkin's Russian Communist Workers Party [RCWP]. According to available intelligence information, V. Anpilov has developed a plan for going over to a semilegal status and launching street combat against the "antipeople regime" in the event of the Communists' defeat at the elections.

Concurrently being created are military structures of extremist communist parties included in Zyuganov's "people's-patriotic bloc." For example, the 6th Congress of the RCWP (in Chelyabinsk, April 1996) created a Military Council attached to the RCWP Central Committee and set party organizations the task of "bringing into the ranks of supporters of Soviet power servicemen on active duty and in the reserves, personnel of the MVD, special services, and law enforcement bodies. At the present time within RCWP structures there are about 20 military organizations which are forming workers druzhinas on the territorial-administrative basis and are teaching them hand-to-hand combat and aimed fire. The task set by the RCWP Central Committee and Military Council to its military organizations calls for recruiting at least 100 druzhina members out of every 1,000 workers at Communist-controlled enterprises, with the enterprises to foot their training bill.

Paramilitary structures (sports-military sections) are also being created in communist youth organizations, including youth sections of the CPRF, ROS [Russian National Union], and "Working Russia." Leader of the Moscow Komsomol (RCYM [Russian Communist Youth Union]) N. Zhelunov publicly threatened to launch military actions and provide, if need be, 200,000 of his trained supporters.

An additional military reserve of the "people's-patriotic bloc" are assault troopers [shturmoviki] of national-patriotic and fascist organizations such as the "Russian Party" (a "Russian Guard" paramilitary structure), A. Barkashov's "Russian National Unity," and former KGB General G. Sterligov's "Union of the Russian People" and dozens of other, smaller national-fascist organizations.

It is not ruled out that a worsening of the situation may be caused by independent actions of extremist communist and nationalist organizations in the regions, as was reported earlier, which have their own radical programs of actions and are not fully subordinated to the CPRF.

A political and military alliance of radical communists and national patriots already showed its worth in the bloody events of October 1993, unleashed by the National Salvation Front, whose "inspiring and directing power" was today's CPRF and "Comrade Zyuganov" in person. These people have already indicated that they are prepared to do anything and that the past has taught them nothing. At present they are preparing, on a much greater scale, for a new attempt at armed revolt. This threat should be taken quite seriously and eradicated before the political adventurists unleash new fratricidal bloodshed. The situation at the present time is generally under control; however, its further development will to a decisive degree hinge on election results and the general political situation. It seems to be wise at the present moment to carry out no immediate forcible neutralization of extremist organizations and their paramilitary formations because this may provoke a sharp deterioration of the situation during the election period. It is necessary now to lay the main stress on achieving decisive political superiority in the course of the elections in order to then use the results of the expression of the people's will and carry out the necessary preventive measures with regard to the extremists.

6. Main Conclusions and Recommendations.

The new "radical" strategy and tactics of the Communists' struggle for power signifies that the CPRF and the "people's-patriotic bloc" under its control no longer hope to win the elections legitimately and are setting a course toward destabilization of the political situation and the seizure of power in a forcible, unconstitutional manner. Actions being planned by the CPRF essentially constitute preparations for unleashing civil war, that is to say, a war of the Communist Party against its own people and lawful bodies of power for the sake of reinstating its dictatorship and imposing on the country a new version of the Communist chimera. This already happened in our history and it should not happen again.

Considering the serious threat to social stability and security and to the rights of citizens and the state's integrity born by the new "radical" strategy of the CPRF, we believe it is necessary to immediately take appropriate preventive measures at the political, administrative, and legal levels with the aim of ruling out all possibilities for the destabilization of the situation and anticonstitutional actions shortly before, during, and after the campaign to elect the president of Russia.

First, to step up as far as possible the president's electoral campaign at the decisive, concluding stage so as to guarantee an overwhelming number of votes tipping the balance and leave the Communists no chances to falsify and denounce the election results. It is necessary to remind and explain to voters who they are dealing with in the CPRF and what plans are being hatched by this criminal organization passing itself off as "friends of the people" and demagogically cashing in on mass difficulties and dissatisfaction to once again usurp power. A convincing and unequivocal victory by the incumbent president will guarantee stability and reduce the possibility of adventurist actions by the Communists and their allies, who are capable of bringing the country again to the verge of civil war.

Second, to give instructions to all law enforcement bodies in the center and in the provinces to enhance control over the observance of legality and order in conducting the election campaign, the activity of political parties and public associations, and the work of bodies of power. In the event of discovered violations, to immediately report them to the higher leadership and take punitive measures envisaged by the law. The heads of law enforcement departments and subdivisions negligent of their constitutional duties in such a crucial period should be warned of not being completely fit for the job or removed from their positions.

Third, to carry out preventive work with citizens, public organizations, and print organs that violate norms of the Constitution and current legislation in their public and professional activities. It is necessary to carefully check out all reports of illegal possession of weapons, anti-constitutional calls and actions, and other threats to public security, and once reports are confirmed, to take appropriate measures to apprehend the culprits, to carry out investigative actions, and to institute criminal proceedings. In the event of attempted illegal actions, forcible pressure, and disorganization of elections at individual polling stations, to take stiff measures against the culprits in strict accordance with the law.

Fourth, to officially warn the candidates and their campaign managers of the inadmissibility of violating the election campaign rules and illegally using funds, including those from sources abroad. To widen the provision of information to the public and the media on violations and illegal actions in the course of the election campaign. To draw the attention of the Ministry of Justice and Central Electoral Commission to the need for stricter control over the observance of legislation within the sphere of their competence and to establish their cooperation with law enforcement bodies in the given matter.

Fifth, it is necessary to approach ordinary communists and warn them of the danger of the new adventurist line of the CPRF leadership. According to our information, no more than 40 percent of ordinary Communists support in one way or another revolutionary-revanchist sentiments. Approximately 50 percent of Communist Party members adhere to social democratic positions and do not share the plans of their leadership for a "revolutionary" seizure of power. Sensible forces are also present within the CPRF leadership. It is these people who can form the basis for the CPRF's evolution into a legitimate party of a parliamentary type operating strictly within the bounds of the Constitution and no longer constituting a threat to society.

Footnotes

1. The names of the subdivisions have been omitted by other than the editors. — (Note by "NG").

2. Dates have been omitted by other than the editors. (Note by "NG")

3. As a matter of fact, Gennadiy Seleznev was until 31 January 1996 chief editor of PRAVDA ROSSII rather than PRAVDA. These are different newspapers, although they appear in one "package" — one inside the other. (Note by "NG")

The names of some state structures and public organizations appear garbled in the text, and "NG" leaves them uncorrected.

Russia: Rumors of Left-Wing Combat Preparations Investigated

LD1106112496 Moscow NTV in Russian 1700 GMT 9 Jun 96

[From the "Itogi" program]

[FBIS Summary] "Itogi" program moderator Yevgeniy Kiselev, facing the camera, asks: "Do Interior Minister Anatoliy Kulikov and Federal Security Service Director Mikhail Barsukov know what is going on now among the radical left-wing forces or among the extreme nationalists who sympathize with the Communist Party, and is there any basis to the rumors running rife in Moscow that the left-wing is secretly preparing for possible armed resistance against the legitimate forces and has combat detachments for this purpose? Our correspondent Arkadiy Mamontov carried out research for our program."

Mamontov begins his report: "We did not manage to find direct confirmation of the fact that the opposition has a unified system of combat detachments capable at a critical moment of entering into armed struggle for power before and after the elections. But there is something else. This man [video shows interview in progress] belongs to a left-wing political party. He belongs to the category of those who never speak at rallies, but they are the ones who have real combat experience. He says that the left wing does not have organized combat formations at the moment, but these people maintain contacts among themselves."

The man, whose identity is concealed and who is seated with his back to the camera at a table in a cafe, is then heard in the video recording to say: "If, in our view, there are real preconditions for acting, for doing something, then, naturally, there is no question about it. We know each other, and if there is a need, we will come to each other's assistance." The man continues: "There is information that before the elections, the commanders have been replaced in many units in the Moscow Military District, that is, for more reliable ones during the period of voting and after it. There is such information." The man refuses to name the units in which such personnel changes are alleged to have taken place.

Aleksey Chelnokov of "IZVESTIYA" newspaper, identified by caption, is then seen in an office with communist political posters on the walls, leafing through a newspaper. He says: "The Communists, the Russian Communist Workers' Party [RCWP], Working Russia, have a so-called people's volunteer force or people's guard, that is, combat structures that are subordinate directly to both Viktor Anpilov and Viktor Tyulkin. They hire various sports' halls in Moscow or stadiums, where they train. At the RCSP fifth congress, which took place in Chelyabinsk in April, at which a secret resolution was adopted on setting up a military council, it was said that it is expedient in the pre-election situation to create a military council which will coordinate relations and ties with the armed forces of the Russian Federation. RCSP First secretary Tyulkin heads that military council and there will be direct links with the army through the Union of Officers.

"Zyuganov really is not signing any decrees on setting up combat structures, that is really not being announced anywhere, and he can quite calmly disown the statement by [presidential aide] Satarov, but the facts tell a different story. If one takes a closer look at the bloc that supported Zyuganov, it turns out that quite a large number of the parties supporting Zyuganov have already shown what they can do at hot spots and at the White House. Many of them are involved in criminal activities. Many work in security structures. As far as I know, in Moscow, there are around 80 security structures that support Zyuganov and are rather politicized. There may be slightly less in St. Petersburg. These people are very well prepared and they do not even need an order to begin mass disturbances."

Mikhail Filon, ataman of the interregional Cossack fraternity of Russia, identified by caption, then appears in a separate office interview. He says: "Yes, we support Gennadiy Andreyevich Zyuganov. We trust him. We will vote for him. But we are not part of anybody's power structure. We look a bit suspicious. My lads are big and strong. About 30 percent of them are not rank-and-file Cossacks—they are former servicemen, officers, special detachment men, former sportsmen, but they are Cossacks in their souls. They undergo a training period. They are attached to the Cossacks. We have a good material and technical base." Filon continues: "I repeat, I have great respect for Gennadiy Andreyevich Zyuganov, but I do not understand Viktor Anpilov and I do not have anything to do with him or with his volunteers." Filon adds that the Cossacks have grown even stronger, despite efforts to suppress them.

Correspondent Mamontov notes that Filon's Cossacks have guaranteed law and order at all recent events held by the Communist Party.

Vyacheslav Skvortsov, secretary of the Moscow Komsomol organization, identified by caption, appears in an interview in a forest, wearing combat fatigues. He says: "Our main task now is not to campaign directly for communism. We would like the lads to learn to think first of all, to learn to understand things for themselves because we do not need people who follow blindly."

Correspondent Mamontov quotes Skvortsov as saying that the Komsomol organization will take a neutral position in the June elections and will not interfere.

Aleksandr Barkashov, Russian National Unity leader, identified by caption, appears in a separate office interview, and says: "A year ago, we said openly that should there be a confrontation; should there be any anti-government action by the opposition, we would be on the side of executive power, and if need be, we will help, as far as we are able, to defend the constitutional system and to guarantee the rights of the citizens of Russia."

Mamontov says in conclusion: "None of those that we met belong to the central bodies of administration of parties and blocs fighting for power, but real power stands behind them. At the same time, they have made their political choice, and to all appearances, they will await the finale of the presidential race."

The video shows the Belorusskiy railway station in Moscow; archive video of the August 1993 coup in Moscow; men in combat uniform training in a forest; uniformed men standing in a group; archive video of Gennadiy Zyuganov at head of a procession.

Russia: Tuleyev To Seek 'Moral Compensation' From Electoral Commision

LD1006162096 Moscow Radiostantsiya Ekho Moskvy in Russian 1500 GMT 10 Jun 96

[FBIS Translated Text] Aman Tuleyev has officially announced that he will withdraw his candidature in the presidential elections on 12 June. However, on 13 June he intends to bring a legal action against the Central Electoral Commission and to demand moral and material compensation. Aman Tuleyev believes that Nikolay Ryabov, chairman of the Central Electoral Commission, deliberately hindered his election campaign. Tuleyev is talking of a sum of 1 billion rubles as moral compensation.

Russia: Tuleyev Discusses 'Obstacles' Faced During Election Campaign

MM1106085196 Moscow SOVETSKAYA ROSSIYA in Russian 8 Jun 96 p 3

[Interview with Aman Tuleyev by Zhanna Kasyanenko; place and date not given: "Aman Tuleyev: I Was Seeking a Happy Man"]

[FBIS Translated Excerpt] In Siberia I know entire villages where at the last presidential elections they voted for Tuleyev. Miners and railroad workers, teachers and students voted for him. Seven million people. He came fourth. But who at the time, in 1991, knew him, apart from his own people in Siberia, in the Kuzbass? Seven million is the population of an average European country. How did Tuleyev captivate the voters? What in general terms can you use to attract people to you if you are a politician? The truth.

Our people are the most trusting and truthful and so they see an honest man in every politician. At least that was the case five years ago. It is not our fault that at the time many of us believed false promises. Deceiving the people is like deceiving a child, it is sinful and base. But time puts everything in its place and gives everyone his just deserts. And it is no accident that to this day Tuleyev has won whatever elections there have been since: to the Kemerovo Oblast legislative assembly, the Federation Council, the State Duma, where with Zyuganov and Goryacheva he made up the first "shock" threesome of the CPRF [Communist Party of the Russian Federation] bloc.

Tuleyev is trusted because everything he said to people five years ago turns out to be true now too.

There were various speculations, rumors, and suspicions surrounding his nomination for the post of president. The authors and producers of these stories were following their own entirely understandable aims: showing that there is no unity in the people's patriotic bloc and that each person is dragging the blanket of power toward himself. In actual fact Tuleyev's action was a normal man's act behind which lay the desire to help a like-minded person and friend at a difficult hour. Aman Gumirovich himself back at the start of the election campaign that he was running only because he could do more with Zyuganov: collect more votes, hold more meetings, tour more cities and oblasts. As planned he is now withdrawing his candidacy and urges all voters to vote for Zyuganov. It is all sincere, honest, and open. Ands, which it is important to stress today, in full accordance with the law. [passage omitted]

[Kasyanenko] In general, Aman Gumirovich, have you often encountered resistance from the authorities and violations of the elections law during your election campaign?

[Tuleyev] Oh, that is a special subject and I would like to dwell on it in more detail. First, the attacks from the Central Electoral Commission against me have become a daily dish in our political kitchen. With what are they connected? I believe the point is that I was running as a candidate from the people's patriotic forces. And a candidate who had stated from the outset that he would transfer his voters' votes to Zyuganov. If I had not stated this, like Vlasov, for instance, then it would have been a different matter, then they would have closed their eyes to me and even helped me: Just split Zyuganov's electorate, dear boy! My only aim for joining the election campaign was to do everything for our country to become great and rich again in our lifetime. That is all! Ambitions here are criminal if you consider yourself a moral person.

Nikolay Ryabov, chairman of the Central Electoral Commission, has already made me a textbook example for the edification of other rebels. What is involved? According to the law the ballot slip should include my post in full — as chairman of the oblast legislative assembly and a member of the Federation Council. Ryabov has been told this repeatedly and in advance. No, the ballot slip is published without the full information. I had to appeal to the Supreme Court, which deemed this to have been a violation. Ryabov is afraid that they will take money from me for the reprint of the slips. But is it not his fault? His fault. And the court recognized that. Next, only on 28 May did I receive money earmarked for the election campaign. Surely this was a hindrance and delay to my work. After all, today you cannot take a single step on television or radio without money. Not to mention the fact that you cannot print a single leaflet without money. Never mind, I shall cope with my problems.

Far worse is the fact that as a whole there are various candidates in very unequal positions. Lies are pouring down on our voters. And no one thinks of refuting them, well aware that if the people's patriotic forces are drawn into court cases over each instance of slander, falsification, and insult, there will simply be no time left for anything else. But sometimes they go too far when to tolerate something means to agree with it. Mr. Satarov, who is not unknown, stated at a press conference that the Communists had some combat detachments ready. And everyone around kept quiet although they all realized it was nonsense. If you shout about the rule-of-law state then before making such statements you must say that it is according to the figures of the prosecutor's office or the Federal Security Service or the Internal Affairs Ministry. But Satarov himself draws this conclusion and makes it public. At the Central Electoral Commission my agent, Vadim Solovyev, asked a representative of the Internal Affairs Ministry — a deputy minister, actually — whether the ministry has this information, to which, naturally, he received a negative reply. I very much hope nonetheless for honesty and objectivity on the part of the General Prosecutor's Office to which I turned in this connection. If there is slander then the slanderer must be dealt with according to the law.

That is, so to speak, from the sphere of the major obstacles which are being put in the way of our campaign. I do not even want to mention what have become "trifles" — there are too many instances of either being given the most run-down hall or an act of provocation is organized.... [passage omitted]

[Kasyanenko] Aman Gumirovich, let us suppose we have won and let us suppose that our single candidate has become president. Where shall we begin?

[Tuleyev] Is it really not clear yet? With people, with cadres! After all, they do resolve everything. Only fools learn from their own experience, clever people derive lessons from other people's experience. So Yeltsin's experience tells us that you cannot select cadres on the basis of the principle that they come from the same place, on the basis of nepotism, still less personal loyalty. They will get you into trouble, which is exactly what they did. The sole criterion is professional qualities and professionalism. We have a mass of talented people. Zhirinovskiy, Yavlinskiy, and Chernomyrdin have them. Many people today are trying to do something at their posts. And it is not their fault that today conditions in the country are such that there is no room for them to turn, no opportunity of realizing their purely professional, creative, and organizational potential. Yet you can move mountains with our people if you understand, respect, and listen to them.

Of course I believe we shall win. Nonetheless in conclusion I want to say that I am ready to respect any choice the people make, your choice, citizen of Russia. Given any outcome to the elections I shall continue to work for the country. So that happy people appear in real life, not just on the television screen.

Russia: Arson Attack at Moscow Poll Headquarters Played Down

MM1006152896 Moscow IZVESTIYA in Russian 11 Jun 96 p 1

[Report by Yuriy Senatorov: "Did Somebody Want To Set Fire to Voters' Lists?"]

[FBIS Translated Text] An unpleasant report was received on the evening of 9 June (at around 1800 hours) from Moscow's Southern Administrative District, which is headed by Valeriy Shantsev, who was injured in an explosion Friday (7 June). Four premises at No. 52 Biryulevskaya Ulitsa housing the Southern District's four precinct electoral commissions were simultaneously engulfed in flames. According to preliminary data from the specialists who went to the scene of the incident, the standard formula "as a result of carelessness in relation to fire" was in no way applicable here, since the precinct offices caught fire in several places at the same time. In other words, somebody set fire to the premises.

A dozen vehicles took the leaderships of the district and the city's main internal affairs administration to the scene of the incident.

According to firefighters cabinets, desks, and some "small items" were burned in the premises. In a telephone conversation with Valeriy Karnaukhov, deputy chief of Southern District Internal Affairs Administration, it emerged that the safe in which the electoral commission documents were stored is secure and the papers are undamaged. "The arson attempt was unsuccessful!" Karnaukhov told IZVESTIYA's correspondent irritably.

The city electoral commission found out about the incident from... journalists. Nobody was making a tragedy out of the fire. "So what, one block burned down — we will find another. It is not as if we are short of premises in the city! The main thing, of course, is the lists, but we have them all on computer. Had the voting papers been burned, we have spare ones for that eventuality, as the Law on Elections envisages," Marianna Slavutskaya, member of the city electoral commission, stated on the telephone.

Russia: Ukrainian Paper Cites Early Voting Results in Russia

MM1106100896 Moscow KOMSOMOLSKAYA PRAVDA in Russian 11 Jun 96 p 1

[Report by Igor Chernyak: "Kiev Already Knows the Election Results"]

[FBIS Translated Text] Whereas the results of early voting are kept a close secret in Moscow, Kiev has already reported them to all and sundry. Citing sources in Moscow, the newspaper KIYEVSKIYE VEDOMOSTI has published data from some secret memorandum giving the results of votes cast between 31 May and 6 June at 83 electoral districts beyond the Russian Federation's borders where Russian military units are stationed (some CIS countries, Vietnam, Cuba, crews of Northern and Pacific Fleet submarines, and a series of regions in Chechnya). According to the data cited in the memorandum, more than 72 percent of the 15,557 uniformed voters have voted for Yeltsin, 15 percent for Zyuganov, 10 percent for Lebed, and 2.5 percent for all the rest. The omniscient newspaper links this report with Pavel Grachev's sensational statement to the effect that submarine crews had voted unanimously for Yeltsin. According to the newspaper, Grachev had not plucked the figures from nowhere but had honestly cited the aforementioned memorandum.

Does this mean that all the talk about secret ballots in the Army is nothing but a bluff? After all, so far there has been no refutation from the Ministry of Defense which is extremely efficient in responding to sundry "slanderous fabrications."

Russia: Poll Says 60 Percent Believe Yeltsin To Be Reelected

LD1006125396 Moscow INTERFAX in English 1214 GMT 10 Jun 96

[FBIS Transcribed Text] MOSCOW, June 10 (Interfax) — A total of 60 percent of Russians believe that President Boris Yeltsin will be re-elected, according to a June 5 poll by the All-Russian Public Opinion Research Center of 1,600 respondents. In January, this figure was only 14 percent, the center told Interfax on Monday.

As many as 18 percent of respondents thought in January that leader of the Communist Party Gennadiy Zyuganov would be the country's president, while in June their number totalled 17 percent. A total of 8 percent believed that Vladimir Zhirinovskiy would be head of the Russian state in January, but in June their number amounted to 1 percent. About 5 percent of respondents predicted victory in January for Yabloko movement leader of Grigoriy Yavlinskiy, but in June their number went down to 1 percent. The respondents said the remaining candidates to the Russian presidency now have and never had any chance of winning.

About 28 percent of respondents said that the situation in the country would improve if Yeltsin is re-elected. As many as 26 percent of respondents expect that the situation will improve if Zyuganov wins.

About 42 percent of respondents think that the situation will remain the same if Yeltsin is re-elected (15 percent think this about Zyuganov). A total 23 percent of respondents expect a deterioration in the situation if Yeltsin wins (38 percent think this will happen if Zyuganov wins). Eight percent of those who are convinced of Yeltsin's victory found it difficult to answer, while this index totalled 21 percent among Zyuganov's supporters.

Russia: Daily Predicts Yeltsin To Receive 36-40 Percent of Votes

MM1006155996 Moscow IZVESTIYA in Russian 11 Jun 96 p 2

[Article by Yuriy Levada of the All-Russia Center for the Study of Public Opinion [VTsIOM] under the "Five Days Until the Elections" rubric: "Polls and Predictions Before the Home Straight"]

[FBIS Translated Text] The four-month presidential marathon is approaching the home straight, and it is time to sum up the observations and thoughts of the last four months. The most concise and graphic account of the preelection situation in my view is provided by the attached graph showing the position of the main contenders between the end of February and the beginning of June. In the last two weeks (the latest VTsIOM poll was completed 5 June) the trend has not changed: Readiness to vote for B. Yeltsin has increased somewhat, while the level of support for all the other contenders is virtually stable. This means that shifts are occurring primarily among those who until recently had not made their political choice. It cannot be ruled out that during the very last days before 16 June we could see other processes linked with the disintegration or regrouping of current electorates who are losing hope of their favorite succeeding.

In recent months VTsIOM has conducted a total of around 30 mass polls under various programs related to studying the state of society in the conditions of the presidential election campaign. The main results of the polls have been published and are well known to IZVESTIYA readers. Accumulated experience taking account of our performance on the eve of last year's parliamentary elections makes it possible to make certain predictions about the most probable results of the 16 June vote. Any public opinion poll, no matter how stringently it is conducted, has flaws associated, in particular, with the fact that a certain proportion of those questioned refuse to answer, have sometimes not made up their minds about their own intentions, and so forth. For example, in the latest poll around 13 percent of respondents find it difficult to say for various reasons how they are going to vote and whether they are going to participate in the elections at all. When constructing predictive hypotheses, therefore, there is a need to take account of possible options for this group's behavior and also of various models of voter participation in the voting. Taking factors of this kind into consideration, it seems to us possible to offer the following option as a prediction for the presidential elections (as yet only for the first round and ignoring possible changes in the list of candidates).

Around 70 percent of Russia's population over the age of 18 will most likely vote. The votes will be distributed as follows among the main contenders: B. Yeltsin will get 36-40 percent, G. Zyuganov will get 29-33 percent, and none of the other candidates will evidently manage more than 7-10 percent.

The next VTsIOM study will end in the middle of election week, so the final results and possibly some adjustments to the prediction will be published 13 June. After that the publication of election poll data is not permitted under the law.

[The following is a conversion to tabular form of a graph published as part of the article. Figures in brackets are FBIS interpretation of line chart; other figures are embodied in original line chart]

For Which of the Candidates for Russian President Do You Intend To Vote? (as a percentage of those intending to vote)

	Yeltsin	Zyuganov	Zhirinovskiy	Lebed	Fedorov	Yavlinskiy
Jan 15-31	8	21	11	10	8	11
Feb 1-14	[10]	[22-23]	[11-12]	[9]	[7-8]	[10]
15-29	[11]	24	12	[8]	7	9
Mar 1-14	15	25	[9]	[8]	7	11
15-31	18	25	9	[10]	7	9
Apr 1-14	18	26	8	10	8	10
15-30	21	27	[9]	8	4	11
May 1-14	[28]	27	7	[6]	7	9
15-31	33	26	7	7	4	9
June 1-5	37	26	[6]	7	3	7

(Footnote) (Based on the results of VTsIOM polls conducted in January-June 1996. The polls were conducted among a representative sample of the population of Russia aged 18 and over. The inhabitants of 58 urban and rural population centers were questioned. There were 1,600 respondents in each poll. Data cited as a percentage of the those who intend to vote.)

Russia: Pollster Believes Yeltsin Cannot Win in First Round

LD1106084696 Moscow ITAR-TASS in English 0819 GMT 11 Jun 96

[By Tamara Zamyatina]

[FBIS Transcribed Text] MOSCOW June 11 (Itar-Tass) — A leading Russian pollster believes President Boris Yeltsin is too optimistic about winning presidential elections at one stroke and said the second round was inevitable.

Nugzar Betaneli, whose independent Institute of Sociology of Parliamentarism gave the most exact forecast for the December 1995 State Duma elections, told Tass on Tuesday that, according to the latest poll, "the second round of presidential elections cannot be avoided".

He refused to disclose any figures, but said that Yeltsin was leading in the latest poll, while his main communist rival Gennady Zyuganov was trailing.

However, "he (Yeltsin) will get in the first round fewer votes than he would like to, but more votes than the communists predict to him", Betaneli said.

He added that more detailed information about the latest poll would be disclosed at a press conference on Tuesday.

Russia: Stavropol Poll Shows Zyuganov 8 Percent Ahead of Yeltsin

LD1006122996 Moscow INTERFAX in English 1136 GMT 10 Jun 96

[FBIS Transcribed Text] STAVROPOL, June 10 (Interfax) — Twenty-eight percent of the 1,100 residents of the Russian Stavropol territory polled by the regional Center of Humanitarian Studies on June 5-10 would vote for Communist candidate Gennadiy Zyuganov, whereas only 20% would vote for incumbent Boris Yeltsin.

However, 36% believed Yeltsin would ultimately win, as opposed to 26% who thought Zyuganov would win.

The two are followed in popularity by Aleksandr Lebed, 12%, Vladimir Zhirinovskiy, 11%, Grigoriy Yavlinskiy, 8%, Stanislav Fedorov, 6%, and Mikhail Gorbachev, 1%. As many as 13% have not made up their mind.

Asked who they would support if the choice in the second round is between Yeltsin and Zyuganov, 34% said they would support Yeltsin and 30%, Zyuganov. Both names would be crossed out by 11%; 6% will not vote in the second round and 19% were undecided.

According to the poll, 79% will vote, 18% doubt they will and 3% will certainly not vote.

Asked what kind of regime the country will have if Zyuganov wins, 15% said that nothing will change, the same number expect a return to Stalinism and 11% expect a Brezhnev-like regime; 20% believe that the country would head for disaster while 39% found it hard to answer.

CIS: ITAR-TASS Carries Press Review for 11 Jun

*LD1106054996 Moscow ITAR-TASS in English
0542 GMT 11 Jun 96*

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW, June 11 (Itar-Tass) — Today's Russian newspapers concentrate on the situation on the eve of the presidential elections and on June 12, Russia's Independence Day.

Under the title "They are only scrambling for power, but we already have it", the ROSSIYSKIYE VESTI newspaper front-pages extracts from speeches by leaders of the Russian Communist Party Gennadiy Zyuganov, Valentin Kuptsov and leader of the Labour Russia Party Viktor Anpilov, on the basis of which it draws the conclusion that the threat of mass rioting and a civil war has developed in the country. There is also a desire "to wrest and divide".

Under the subtitle "Red terror", the daily features a report on an assassination attempt on June 7 against Valeriy Shantsev who runs for the post of Moscow vice mayor as the team mate of Yuriy Luzhkov.

In the same page, the newspaper singles out words by President Boris Yeltsin, expressed during his visit to Novosibirsk, about his determination to win the elections in the first round. The RABOCHAYA TRIBUNA newspaper also singles out these words.

The newspaper calls the adoption of the Declaration on the state sovereignty of the Russian Federation on June 12, six years ago, as "the first and most important holiday of the Russian Federation".

Echoing this topic, the ROSSIYSKAYA GAZETA newspaper prints an extract from an article by Aleksey Kiva, D. Sc. (History), that if "the imperial-communist USSR which we lost" had existed longer, "things could have resulted in a world-wide tragedy. In a world nuclear war".

Under the headline "Russians have forgotten about empty shops. It is necessary now for people to forget about empty purses", the newspaper carries an exclusive interview with Boris Yeltsin.

The Russian leader said that "my key task is well-being of people. We have now all opportunities and resources to start immediately tackling social problems".

The newspaper devotes a whole page to an article by Kiva on the Russian president, entitled "Minion of fortune or favourite son of people".

The article notes that Yeltsin drew a conclusion, earlier than many others, that "real socialism cannot be reformed, since it is based on utopia. Each utopia is romantic but not reactionary".

The IZVESTIYA newspaper conducted a public opinion poll last Sunday on supposed elections in some Russian cities. "Despite an idea about pro-communist sentiments in localities," the daily writes, "Yeltsin collected 35 percent, outstripping by far his nearest rival — Zyuganov."

The newspaper singles out a report that a group of Russian businessmen sent last Friday the letter "on economic platform of G.A. Zyuganov" where they gave a tough estimate of communists' economic intentions.

RABOCHAYA TRIBUNA newspaper singles out information on an understanding to sign a draft on military questions between the delegation of federal authorities and Chechen separatists. This understanding was reached during the talks in Nazran.

Under the headline "Party is necessary, and it should be formed", the newspaper outlines a speech by Russian premier Viktor Chernomyrdin at a meeting of the Executive of the "Our Home is Russia" movement.

Speaking about a possibility of turning the movement into a political party, the premier stressed that "there is much work to do in this direction".

The army newspaper KRASNAYA ZVEZDA features an interview with Anatoliy Sergeyev, commander of the Volga Military District, the main idea of which is that the old slogan on the unity of the army and the people "should be filled with specific content today".

"The army now cannot be preoccupied only with its own army cares and problems," he emphasised.

Pointing to the rising rating of Yeltsin, the trade union newspaper TRUD writes in this connection that "communists start losing nerves" under the present situation. "Thev do not believe possibly in their victory either."

The KOMSOMOLSKAYA PRAVDA newspaper goes even further, writing with reference to the KIEVSKIYE VEDOMOSTI newspaper that over 72 percent of troops voiced support for Yeltsin during the elections at Russian military units abroad, held between May 31 and June 6, while only 15 percent backed Communist leader Gennadiy Zyuganov.

The same daily carries an interview with Russian Foreign Minister Yevgeniy Primakov where he stresses that "NATO military infrastructure must not approach our territory". The minister also pointed to the need for developing relations between Russia and Cuba.

Singling out a report on a congress of people's patriotic forces of Russia, held in Moscow on Saturday, the

SOVETSKAYA ROSSIYA and PRAVDA newspapers point to words by Zyuganov that these forces have now united into a single bloc.

CIS: Text of Kislovodsk Declaration on 'Harmony' Published

MM1106113896 Moscow ROSSIYSKAYA GAZETA in Russian 8 Jun 96 p 5

["Declaration in Support of Interethnic Harmony, Peace, and Economic and Cultural Cooperation in the Caucasus," adopted at the meeting of the heads of state of the Azerbaijan Republic, the Republic of Armenia, Georgia, and the Russian Federation; signed in the city of Kislovodsk on 3 June by Azerbaijani President Geydar Aliyev, Armenian President Levon Ter-Petrosyan, Georgian President Eduard Shevardnadze, and Russian Federation President Boris Yeltsin — from the "Economic Union" section]

[FBIS Translated Text] We, the heads of state of Azerbaijan, Armenia, Georgia, and Russia, gathering in the city of Kislovodsk on 3 June 1996, with the participation of the leaders of the republics, krays, and oblasts of the Caucasus,

— united by an awareness of our common responsibility for the present and future of the Caucasus region, which is historically the cradle of peoples of different language groups, creeds, and national cultures who represent a unique spectrum of human civilization,

— viewing the Caucasus as a single, integral organism and a geopolitical reality,

— guided by the wish of the peoples of the region to preserve and strengthen relations of neighborliness and mutual support,

— aware of the exceptional importance of ensuring interethnic harmony and developing initiatives aimed at ensuring peace, security, and stability in the Caucasus,

— expressing serious concern over the continuing conflicts in the region and the rupture of political and economic ties and humanitarian contacts that were formed over the course of centuries,

— firmly adhering to the generally accepted norms of international law and the aims and principles of the United Nations Charter and the underlying documents of the Organization for Security and Cooperation in Europe and the Commonwealth of Independent States,

— declare our firm resolve to assist in every way the establishment of firm and lasting peace and stability in the Caucasus and to expand and strengthen the traditional relations of friendship and cooperation among our peoples.

The armed conflicts taking place in the region are destructive and inhumane. They impede the political, economic, and social development of our countries, their closer collaboration, and the restoration of interpersonal contacts.

We appeal to all the interested sides to apply every effort to achieve a comprehensive settlement of existing conflicts on the basis of commonly recognized principles and norms of international law. In this connection we stress the importance of the peacekeeping role of Russia and international organizations.

The participants in this meeting welcome the agreement on the cessation of military operations in Chechnya and the efforts undertaken by the Russian Federation president aimed at a final settlement of this problem.

They also welcome the signing of the Memorandum on Measures To Ensure Security and Strengthen Mutual Trust between the sides in the Georgian-Ossetian conflict.

The meeting participants express satisfaction that the cease-fire situation in the Nagorno-Karabakh conflict has held for two years and undertake to revitalize the negotiating process for the purpose of achieving a swift and comprehensive peace settlement.

We view the problem of refugees and displaced persons, irrespective of their nationality, as a source of common pain and will make every effort to create the conditions for their swift, voluntary, and safe return to their native hearths.

We categorically reject aggressive separatism, manifestations of national exclusivity, interdenominational dissension, and religious extremism. It is our firm intention to facilitate ethnic and religious tolerance and a solicitous, respectful attitude to the region's cultural and linguistic diversity.

We condemn terrorism in all its forms and manifestations and are firmly resolved to combine our efforts to eradicate it. It is essential to put an end to the illegal traffic in arms and drugs.

We express our intention jointly to preserve and enhance all the good things that have traditionally bound the peoples of the Caucasus and Russia. Mutual trust and openness, respect for human rights and basic freedoms, the resolution of disputes through peaceful means, noninterference in internal affairs, conscientious fulfillment of the obligations we have assumed, and mutually advantageous partnership should be the basis of our relations.

We stress the importance of all-round partnership and collaboration among our states and the encouragement of integrative processes among them on the basis of sovereign equality, mutual advantage, and the need to carry out a balanced economic policy in the Caucasus region. The priority task as conflicts are settled is the formation of a common economic area, the comprehensive development of trade-economic and scientific-technical cooperation, the implementation of joint projects in the sphere of telecommunications, construction, transport, the fuel and energy complex, and environmental protection, and the encouragement of investment activity and trade on the basis of the commonly recognized principles of international law and allowing for existing cultural and historical relations.

Special attention should be devoted to all-round cooperation on questions of protecting the unique environment of the Caucasus and eliminating technogenic consequences and the results of natural disasters and armed conflicts, and to cooperation in the development of international tourism.

We affirm that we will facilitate any steps undertaken by leaders at all levels, politicians, and representatives of parties, movements, and different creeds in the name of strengthening interethnic harmony and peace in the Caucasus through increasing cultural, scientific, humanitarian, and other contacts and assisting the establishment of the ideas of democracy and social progress.

The meeting participants are fully resolved to give maximum encouragement to measures aimed at achieving the goals set forth in this Declaration, to develop all-round cooperation between our states and their component parts in the economy, culture, education, and the social sphere, and to adopt effective measures aimed at settling conflicts in the Caucasus and eliminating their consequences.

We, the heads of state of Azerbaijan, Armenia, Georgia, and Russia, realizing the historic responsibility for our peoples' future and expressing the will of millions, declare our readiness to do everything in our power to ensure interethnic harmony, peace, economic progress, and the augmentation of the joint cultural and historical inheritance of the peoples of the Caucasus.

The Caucasus is our common home. Our duty is to make it a peaceful, prosperous region inhabited by people who are proud of their history and who look to the future with confidence.

[signed] On behalf of the Azerbaijan Republic, Geydar Aliyev.

On behalf of the Republic of Armenia, Levon Ter-Petrosyan.

On behalf of Georgia, Eduard Shevardnadze.

On behalf of the Russian Federation, Boris Yeltsin.

Russia: Primakov on NATO Expansion, Cuba, Ukraine

MM1106083596 Moscow KOMSOMOLSKAYA PRAVDA in Russian 11 Jun 96 p 7

[Interview with Russian Foreign Minister Yevgeniy Primakov by Yelena Ovcharenko, date and place not given, under "Exclusive to Us" rubric: "Primakov Likes Hedgehogs But Not Under His Pillow" — first paragraph is editorial introduction]

[FBIS Translated Text] Yevgeniy Maksimovich Primakov gave KOMSOMOLSKAYA PRAVDA this interview in his office at the height of the working day. To be precise, at 3 pm Saturday. To judge from how busy the minister was, even this "small window" in his schedule was fairly hard to find. The "election watch" mounted by top Moscow officialdom in recent days probably has nothing to do with it: On Saturday, for example, the minister spoke by telephone with five foreign counterparts and discussed questions of the Near East settlement. But given that Russia's life is currently dominated exclusively by the elections there were questions to put to the head of the Foreign Ministry in this regard.

[Ovcharenko] At their meeting in Moscow the CIS heads of state expressed support for President Yeltsin. This has been greeted irritably by the opposition — even to the point of issuing statements that this could be regarded as interference in our internal affairs and an attempt to influence the voters. Do you see just cause for complaint in the neighbors' statement?

[Primakov] I totally disagree that an opinion expressed in support of the leader can be viewed as interference in Russia's affairs. I do not know of the existence of any law banning the leaders of other state from expressing their attitude toward this or that colleague.

[Ovcharenko] The lull on the question of NATO's eastward expansion is being linked with the elections in our country. What will happen if a mutually acceptable compromise is not reached before December? Will we have to soften our position? If not, will Russia be able to respond appropriately to the Atlantic Alliance's intractability?

[Primakov] Our position remains unchanged and we do not intend to "drop" it. Essentially it is that NATO's military infrastructure must not move closer to our territory. We have discussed this in quite precise terms and we are defending this position quite toughly.

The formula has dual significance. On the one hand Russia cannot compromise on this element in any way. However, highlighting this element means that there is a certain scope for accords. For example, at the recent NATO Council session it was decided to create multinational forces which will be used — not under U.S. command — to perform peacekeeping operations. They can include both member countries and candidates for NATO membership. As the experience of the Implementation Force [IFOR] shows, we can participate in some form too.

How can we find a way out of the difficult situation connected with the expansion plans? We cannot impose a "veto" and we have no intention of moving tanks into the territory of Eastern Europe...

[Ovcharenko] What else is there left, then?

[Primakov] Agreement. If we do not reach agreement this will have an impact on our military organizational development and on Russia's attitude toward many treaties in the arms reduction sphere. This could also have an impact on our policy aimed at creating the best geopolitical conditions both within the CIS and outside it.

[Ovcharenko] So [Belarusian] President Lukashenka's proposal on the creation of a new defensive union could acquire quite specific meaning?

[Primakov] This will be one of the ideas that will have to be discussed if, I repeat, NATO begins to move its military infrastructure toward our territory. Then it will shoulder the colossal responsibility for a new division of Europe and for the emergence of trends which at best will lead to a "cold peace."

But let me share my impression of the talks within the "16+1" framework and bilateral meetings. The West is beginning to understand that the determination to confront Russia with the question of the bloc's expansion will not bear fruit. We will never accept it as inevitable that we will "have to get into bed with a hedgehog," as Warren Christopher once put it. We do not want that!

[Ovcharenko] Does this mean that your talks with the partners in Berlin were confrontational in character?

[Primakov] We all sensed that they understand the significance of the Russian factor for European security, they know our potential capability, and that we are emerging from the crisis — and that will happen next year if not this. Chancellor Kohl put it very wisely there: All the delicate questions relating to Russia must be thought through carefully before coming to a decision. Now the idea is being expressed increasingly often that the alienation of Russia will be too high a price to pay for the expansion of NATO.

For our part I want to stress that there was no spirit of confrontation. It is nothing to do with the forthcoming elections, it is simply that we realize that NATO is a real force that we have to deal with. We are not going to put forward propaganda theses. Politics is a subtle business.

[Ovcharenko] Cuba's leadership gave you an exceptionally warm welcome. Is this a mark of respect for long-standing acquaintance or for the prospects which could open up in relations between our countries?

[Primakov] This was indeed not the first meeting with Fidel Castro and his brother Raul, the number two man in the country, we have always had a good relationship. But I do not claim credit for the results of the trip.

They are the result of the new realities. There is no longer an ideological basis to relations between Cuba and any other country including China. It has been eroded by the retreat from the "cold war" and subsequent events.

At the same time the democratic transformations that have begun in Cuba in the economic sphere are irreversible. In the 18 months since my previous visit to the country Cuba has made considerable progress in economic reforms and in attracting foreign investments, which is the main thing for it. A legal basis for this is being created and there is evidence of a repudiation of absolute centralization, of hostility to private property, and of the impossibility of creating joint ventures. Investors have gone to Cuba — Spanish, Mexican, and Canadian... The country is ready to accept capital from emigre Cubans in Miami. Cuba sincerely wants the normalization of relations with the United States.

Aware of all this Russia can and must develop its relations with Cuba, it seems to me. This is advantageous, much groundwork has been done on the island on the form of enterprises that we built and which need modernization. Why should this be done by others? If the "oil for sugar" deal is placed under state control it can be implemented on a permanent basis, which benefits both countries.

Why should we not develop political relations too? Some say that this will be greeted anxiously in the United States. But I want to be understood correctly: This is not a response to U.S. actions in the CIS countries or in other states that are neighbors of ours where it is pursuing a very vigorous policy. A large, a great country such as Russia must have wide-ranging relations with other states.

[Ovcharenko] It seems that there are better prospects for relations with remote countries and these relations are closer than as regards contacts with our neighbors. When will we finally reach agreement with Ukraine?

[Primakov] It is hard to answer this question: There is much uncertainty in relations with Ukraine at the moment. The leaders meet, they plan things, then things turn out the other way around. The main thing that needs to be sorted out now is the plan for the basing of the Black Sea Fleet in Sevastopol. If this question is successfully resolved progress could begin on the other problems too.

Generally speaking the smoothing out and development of relations with Ukraine is one of the Foreign Ministry's main tasks. I believe that our partners also understand this and that is why I do not want to blame one side for the failure to reach agreement. But this is dependent more on the Ukrainian partners right now.

Russia: Yeltsin: Sevastopol Issue Prevents Visit to Ukraine

LD1106103096 Moscow ITAR-TASS in English 1001 GMT 11 Jun 96

[By Vyacheslav Bondarenko and Andrey Shtorkh]

[FBIS Transcribed Text] NOVOCHERKASSK, (Rostov Region), June 11 (Itar-Tass) — "I cannot visit Ukraine until the issue of Sevastopol, which is the base of the Russian Black Sea Fleet, is settled," President Boris Yeltsin told journalists here today. He said it was difficult to predict when a large-scale Russo-Ukrainian treaty would be signed. "It is now being discussed", while "only one problem remains unresolved in connection with the Black Sea Fleet — the problem of Sevastopol". "The treaty must definitely stipulate" that this city is the main base of the Russian Fleet, the President stressed, adding that "I am sure that common sense will prevail in the long run".

In the course of eye-to-eye talks with Ukrainian President Leonid Kuchma we are always able to "reach agreement, to find arguments for each other, but then somebody convinces him to adopt other decisions", Yeltsin stated. When the talks are held at the level of delegations, he noted, "nothing comes out of them — some forces in Ukraine are pulling the President back and preventing him from settling the Black Sea Fleet problem once and for all". Yeltsin also stressed that the "Russian and Ukrainian peoples are brothers, neighbours, and founders of the Great Rus. We have nothing to share and we must live in peace and friendship. I hope the talks on the fleet will be positively ended, that we shall be able to reach an agreement which will pave the way to the signing of a comprehensive treaty with Ukraine, to the final clarification of our relations".

Russia: Berlin NATO Decisions 'Unpleasant Surprise'

MM1106084896 Moscow PRAVDA in Russian 8 Jun 96 p 3

[Report by correspondent Vladimir Peresada: "NATO's 'Surprise' for Russia. What Lies Behind the Decisions of the Bloc's Berlin Session"]

[FBIS Translated Text] Brussels — The Western press is describing in eulogistic terms the NATO Council session held in Berlin, in which the foreign ministers of the alliance's 16 member countries took part. They are even using the term "historic meeting," an expression very rarely used with regard to this organization's events, which usually take place in accordance with a stable, firmly established line.

The general thesis of the commentaries is this: The conference made decisions that, first, reform the alliance's defense structures in the light of the end of the "Cold War"; second, consolidate "European individuality" within NATO, which has long been sought by America's partners on this side of the Atlantic. Both are said to be a response to the new realities that have developed in Europe since the fall of the Berlin Wall.

What kind of response? Let us take a closer look.

In Berlin the ministers reached the point that had been indicated back in January 1994 at a conference of heads of state and government of the NATO countries held in Brussels. This is what was discussed then: Since, in the post-Soviet era, it had been decided to switch from the alignment of NATO troops along the former "iron curtain" to their deployment on the basis of mobile multinational groupings, the conference instructed the alliance's leadership organs to add another important element to the "restructuring concept: If necessary, part of NATO's reformed military structures may be "detached" in order to be used more autonomously by the alliance's West European members.

In general, this idea really did arise in the light of the new international realities. After the collapse of the Warsaw Pact and the disintegration of the Soviet Union, the tattered post-Soviet area — and in particular the weakened Russia — is only a "zone of critical risks," and by no means the former strong state capable, if necessary, of fiercely upholding its interests. In these conditions competition naturally grew up in the West for influence on the "new Europe." In transatlantic relations, which are outwardly monolithic, this was manifested in the fact that West Europeans began demanding with unprecedented insistence greater "defense autonomy" from the United States. The Americans resisted this for quite a long time, until it became clear that thanks to Russia's "soft" position this process could go hand in hand with the admission of East European countries to NATO, that is, with the preservation of strategic levers of influence on the part of the United States.

The "historic meeting" in Berlin demonstrated this convincingly. After the fierce skirmishes within NATO that took place here in Brussels right up until the opening of the meeting, the foreign ministers approved an agreed communique. What emerges from it, and from the accompanying information, is as follows.

The basis of the deployment of NATO troops in Europe will be so- called inter-army multinational units, each 50,000-60,000 strong. Being mobile (formed very rapidly) and combined (ground, air, and naval forces), they could be used quickly and effectively "to manage any crisis." They will be "detached" from NATO so that they can be used in various combinations by the Western European Union (WEU), the military organization of West European countries which has existed for many years but does not have its own armed forces.

"The WEU is now becoming a real instrument of the EU, and Western Europe is finally acquiring its place in the defense strategy of the new times," I was told delightedly by one NATO diplomat. I doubt it. True, formally the WEU will exercise political and military control over specific operations that may be undertaken. But, also according to the Berlin accords, these operations will be prepared and planned in conjunction with NATO, and, most importantly, it will be the North Atlantic Alliance that passes the verdict on what military means, in what quantity, and in what circumstances may be assigned to the WEU. The North Atlantic Council is named as the body to make such decisions, and unanimity among its participants is a necessary condition. In other words, the United States will always have the possibility of using its veto.

The sole truly historic aspect of the Berlin conference is something else, in my view. According to the Washington treaty on the formation of the North Atlantic Alliance, it is called upon to ensure the security of the member countries, which restricts NATO's zone of responsibility to their territory. A whole heap of explanatory NATO documents and statements on this point has built up. But the WEU does not have a clearly defined zone of responsibility. And today all — I emphasize, all, every single one — of the interpreters of the results of the Berlin meeting note frankly, without concealment, and without reservation, that thanks to the assigning of military means to the WEU the North Atlantic Alliance receives de facto a unique opportunity to operate legally wherever it deems necessary.

How is this to be assessed? It means that, for instance, in a situation like the crisis in Bosnia, NATO will no longer particularly need the sanction of the United Nations or consultations with "interested parties." The crux of the matter is clear: Along with NATO's eastward expansion, which apparently nothing will now stop, yet another unpleasant "surprise" has been sprung on Russia.

Russia: Vitaliy Churkin Cited on Russian Relationship to NATO

MK1106074296 Moscow KOMMERSANT-DAILY in Russian 8 Jun 96 p 4

[Report by Marina Sergeyeva: "Moscow Has Few Trump Cards, But Not All Cards Have Been Dealt"]

[FBIS Translated Text] Vitaliy Churkin, Russia's ambassador to Belgium, is amazed at why journalists still pay attention to his assessments of relations between Russia and NATO. This is because for several years now he has been saying the same things. It seems that the viability of his forecasts is not accidental. He knows from his own experience how to negotiate with NATO, first in the capacity of special envoy of the Russian Federation president in the ex-Yugoslavia, and now in the capacity of Russian Federation Ambassador to Brussels, where the modes of interaction between Russia and NATO are being honed.

The Berlin forum, in Churkin's opinion, is important for Russia, but primarily in a political vein. For the first time, and after a long hiatus, there was a 16+1 format meeting; that is to say, NATO-member countries as well as Russia. Furthermore, it is not just words that are important in diplomacy, but also their tone and the gestures with them. The tone betrays the sides' wishes. Members of the alliance were vigorously trying to show that a political contact with Russia had been found and that cooperation was developing under different NATO programs. NATO Secretary General Javier Solana kept stressing that members of the alliance were prepared to cooperate with Russia "as closely as possible." Head of the Russian Foreign Ministry Yevgeniy Primakov, who showed much greater reserve (which, perhaps, was rather diplomatic politeness) indicated that Moscow's position with regard to NATO's expansion would soften "if certain conditions were fulfilled."

In point of fact, Churkin thinks, an as-close-as-possible interaction with NATO under the "Partnership for Peace Program" is not the most important thing. In general, there is no cooperation as such with NATO in any area — including the military area. The participation of a Russian brigade in the American multinational division of peacekeeping forces in ex-Yugoslavia is the only example of actual interaction. And, in general, there was no cause to cooperate until Bosnia materialized. Although, objectively, Russia is the West's inevitable partner in solving security problems in the 21st century. Without it, it is impossible to really get going on the war on drugs, terrorism, nuclear contraband, and ecological threat. Churkin is convinced that Russia may "play these trump cards" much more effectively. The West realizes this, too. Although it is trying not to show it. According to Churkin, it has been possible in the last eighteen months to explain to the West that, as far as Russia is concerned, the problem of NATO widening does not boil down to purely internal considerations. There are objective geopolitical realities — apart from the presidential elections in Russia. As long as the terms of NATO's expansion are not clear, Russia will not be in a hurry to cooperate. Despite all of the West's attempts to involve it more vigorously in "Partnership for Peace" programs.

According to Churkin, one can expect a breakthrough in relations with NATO this coming fall, after the presidential elections in the United States and after the announcement of the first three countries of Central Europe that will be permitted into the alliance. So far, Russia has raised a series of questions, the most important of which is the question of nuclear arms. As before, NATO continues to assign them a role that is fundamentally political, despite all the reductions and changes in the structure of the nuclear arsenal in the wake of the Cold War. Can NATO members guarantee in writing that they renounce the deployment of nuclear weapons on NATO's "new lands?" Would the United States be prepared to "protect" the interests of Poland, Hungary, the Baltic republics, and so on, by force?

The "expansion for security" idea, Churkin believes, contains this paradox: By speaking against "expansion for security" Russia proves to be the greater guarantor of security as far as the countries of East Europe are concerned. Because to deploy the arms amounts to the creation of yet another source of irritation for politicians and military people, due to the increased chances of their [the arms] employment. A structure of 21st-century European security can also be created without nuclear arms. Take Norway; it had no nuclear arms on its territory, even during the Cold War period, but it had NATO guarantees. No new troops replaced those that departed, and none appeared in the eastern lands at the time of Germany's "expansion." They in East Europe are not yet ready to think along these lines and are actively pressing for a chance to make it into the alliance; they are stating that they are prepared to deploy nuclear arms on their territories. Hungary's President Arpad Goncz put it this way: "NATO has already entered Hungary's territory in connection with the deployment of an IFOR base in the town of Tasar."

Russia is overemphasizing the military aspect in its relationship with NATO today. This does not come from the Foreign Ministry, but from the Defense Ministry and the General Staff. As for NATO, it is following a comprehensive coalition policy of a new type aimed at reducing the threat of risks from sources that include Russia. This policy calls for a high degree of coordination and provision of infrastructure. Correspondingly, Moscow would be required to show a comprehensive approach. It is not there so far. Neither is Russia ready today for a comprehensive interaction with NATO, because of internal parameters or foreign policy. But today's haggling over military questions may create the prerequisites for this.

Russia: Russian Compromises to NATO Seen

MM1106103296 Moscow SOVETSKAYA ROSSIYA in Russian 8 Jun 96 p 7

[Article by Vasiliy Safronchuk: "NATO Marching to the East Undermining Russian Diplomacy's 'Compromises' With Tank Tracks"]

[FBIS Translated Text] As the elections approach, the Russian president, not content with budget resources for bribing voters, has decided to put foreign policy cards into play as well. Seizing on some of the ideas of the people's patriotic opposition, he has tried to achieve at least a semblance of the partial restoration of the positions which M. Gorbachev and he himself formerly yielded to the West.

One of the most acute questions worrying Russians is the threat of NATO expansion to the East through the admission to this bloc of Central and East European countries, the former Warsaw Pact members and even several former union republics. It is known that some of these countries are strenuously seeking NATO membership, believing that only within the framework of this bloc will they "be safe." But NATO membership for countries like Poland, the Czech Republic, Romania, and Hungary, not to mention Estonia, Lithuania, and Latvia, would mean that the bloc's military structures and its armed forces and arms, including nuclear weapons, would come right up to Russia's borders. One presidential candidate, M. Gorbachev, who was to blame for this dangerous situation arising, in trying to justify himself recently in an interview with the German weekly STERN accused the West of.... deceiving him! He claims that during the talks on the question of swallowing up the GDR the Western powers undertook not to expand NATO to the East. "This was stated," he says. "But later the Soviet Union ceased to exist. The Western powers were contemptuous of the weakened Russia, forgetting that they had given their word as gentlemen." We can only marvel at the political naivete and shortsightedness of the former USSR president! He tries to justify nothing other than the betrayal of national interests. What "gentlemanly behavior" can we talk about when it is a case of the state's security! Incidentally, the Western powers categorically deny that they gave M. Gorbachev such promises when the talks on the conditions of Germany's unification were under way. And Gorbachev himself cannot say in what form or where this undertaking by the Western powers was recorded.

One way or another Russia has found itself faced with the very sinister prospect of the appearance NATO nuclear weapons on its Western borders. B. Yeltsin, A. Kozyrev, and now Ye. Primakov have repeatedly stated that they would not allow this. But how? Realizing that this prospect undermines the Russian president's political positions, the NATO leadership decided temporarily, until the elections in Russia, to soft-pedal the subject of the bloc's expansion to the East. Moreover, at the 3-4 Berlin session of the NATO Council an attempt was made to create the semblance of having reached understanding on this question between Russia and NATO. Ye. Primakov took part in the work of the session on the basis of the "16 plus one" formula, that is seemingly as an equal. The main question of the session was not relations with Russia but the reorganization of the military bloc itself in the direction of raising the European countries' role in it. The Council confirmed the idea of creating so-called united joint special forces to perform peacekeeping missions in Europe, for whose creation and use it will not be necessary to request the United States' consent.

But Ye. Primakov took part in the Council's second session 4 June and, the news agencies reported, he was presented with a pile of documents allegedly aimed at improving NATO's cooperation with Russia within the framework of the well-known strategic partnership scheme. Compliments were lavished on Russia for taking part in the efforts to fulfill the Dayton agreements in Bosnia. This participation was portrayed as a graphic example of equal partnership, although everyone knows that the Russian brigade is essentially subordinate to the NATO forces. But, as observers have been noting no new ideas were put forward considering Russia's role as a great nuclear power and permanent UN Security Council member. As one journalist noted, "onboard the NATO ship Russia was offered a cabin but not a first-class one."

On the other hand a real sensation was generated by the statements and transparent hints by Ye. Primakov at the NATO Council session and in the corridors to the effect that Russia would not object to the participation of several former Warsaw Pact members in NATO as a political organization unless it was accompanied by the deployment of the bloc's military structures, that is of its troops and arms, in these countries. The Western press noted that this idea had been put forward in the form of a sounding out even earlier but this was the first time Primakov had voiced it officially. "Primakov is toning down his anti-NATO rhetoric" was the almost unanimous conclusion of the Western mass media. It is true that when he arrived in Moscow during a meeting with Russian journalists Ye. Primakov somewhat shifted the emphasis and did not say that Russia would agree to Central and East European countries joining the NATO political organization and with steel in his voice stressed that "Russia's position is quite hard and quite tough and the position of the president and of the Foreign Ministry is that we do not accept the dissemination of the NATO infrastructure to our borders." But, as they say, if you tie down one claw you have the whole bird! But even Russia's overt political concession in Berlin did not satisfy the NATO leadership. The bloc's secretary general, Javier Solana, stated that Primakov's statements "do not attest to a change in Russia's position."

The second foreign policy card played by Moscow on the eve of the elections was the agreement reached in early June in Vienna on the provisional removal of the so-called flank restrictions introduced for the Soviet Union by the 1990 treaty on the limitation of conventional troops and arms in Europe. The Russian side argued for a review of the terms of this treaty because it was concluded when the Warsaw Pact and the Soviet Union existed, that is in a completely different political and military-strategic situation. Russia was allowed to extend the arms reductions stipulated by this treaty on its northern and southern flanks by a further three years, that is through May 1999.

Russia will preserve on its flanks until that date the existing quantity of heavy weapons — 1,897 tanks, 4,397 armored transport vehicles, and 2,422 artillery pieces. The real reason why the present ruling regime is interested in deferring the flank restrictions is the continuation of the war in Chechnya and the retention of the tension in the Transcaucasus and Tajikistan. The Russian president's military advisers obviously do not believe in the feasibility in the immediate future of his plan to end the war in Chechnya and proceed from the premise that this war, like other conflicts on the territory of the former Soviet Union, will continue at least to the end of the century!

Russia: Canada Deports Russians Accused of Spying

LD1106095996 Moscow Radio Rossii Network in Russian 0900 GMT 11 Jun 96

[FBIS Translated Text] Mr. and Mrs. Lambert arrive in Moscow today, after being arrested in Canada in late May. They are accused by Canadian counterintelligence of being Russian spies. According to RIA, yesterday they were taken from the prison in Toronto to Montreal airport, where they were handed over to Russian representatives. They then flew out on an Aeroflot scheduled service to Moscow.

Mr. and Mrs. Lambert were planted in Canada in the early 1990s and arrested on 22 May this year. While under investigation, they confessed that their real names are Dmitriy and Irina Alshevskiy. The courts ordered their deportation because they illegally entered the country to engage in espionage.

The Russian foreign intelligence service in Moscow declined to comment.

Russia: Iranian Envoy Sees 'Floodgates of Cooperation' Now Open

MM1006140796 Moscow ROSSIYSKAYA GAZETA in Russian 8 Jun 96 p 11

[Report by Anatoliy Shapovalov on interview with Medhi Safari, Iranian ambassador to Russia; date and place not given: "In at the Beginning of the Iranian Renaissance"]

[FBIS Translated Text] This year, which has opened the floodgates of Iranian-Russian cooperation, is a turning point in relations between Tehran and Moscow, Mr. Mehdi Safari, Iranian ambassador to Moscow, believes.

He explained that there are substantial grounds for this statement. First and foremost there was the recent visit to Tehran by Russian Government Vice Premier Oleg Davydov, in the course of which three documents determining long-term cooperation between the two countries were signed.

The ambassador is convinced that Russia is a potentially advantageous and big market for Iranian goods, exports of which could reach $1 billion. In addition, there are many potential spheres where Tehran and Moscow could strengthen their ties. For Iran these include first and foremost the steel industry, construction of hydroelectric heat and power stations and railroads, and mining of useful minerals. For its part Iran is offering Russia technical assistance in the oil industry and supplies of food products, clothing, vehicles, construction materials, and medicines.

The Iranian press has reacted enthusiastically to "the elimination of the misunderstanding between the two countries," which was caused, in its view, by Western propaganda. The newspapers IRAN NEWS and ABRAR stress in commentaries that the emphasis on scientific, technical, economic, cultural, and economic cooperation creates the basis for contacts between representatives of the two countries' private sectors.

The improvement in relations between the two countries is taking place at a time when Iran is gathering economic momentum. Electricity production last year rose 9.9 percent — to 79 billion kilowatt-hours. Incidentally, Iran now ranks number four in the world in terms of dam construction. In the 18 years that the Islamic Republic of Iran has been in existence 35 such projects have been built or are under construction, whereas prior to the revolution only 13 dams and reservoirs were built. Natural gas extraction has reached 55 billion cubic meters. Oil exports alone earned Iran $19.7 billion, despite various kinds of restrictions (on the part of the United States). Imports, by contrast, shrank to $12.7 billion, as a result of which the country's trade balance was stabilized for the first time in four years.

Despite the London weekly PETROLEUM ARGUS' claim that Iran is short of foreign currency and cannot pay its way, the leadership of the country's Central Bank stated that Iran managed to increase its currency reserves and is paying its foreign debts on time (last year alone $5.6 billion was paid up on time). This also applies to Russia. An agreement specifying the deadlines and methods for repaying Iranian debts to Russia was signed during O. Davydov's visit to Tehran.

So the floodgates of Iranian-Russian cooperation are open. And every day brings convincing evidence that it is becoming stable in nature. It has already been agreed that from the middle of this summer there will be five flights a week between Moscow and Tabriz (the main city of East Azerbaijan Province). It is planned to transport 250 tonnes of freight a week — fruit, vegetables, flowers, and clothing coming north and industrial products for local enterprises going south. Naturally passenger flights are also envisaged.

At the end of April Tehran hosted an exhibition of advanced Russian technology in the context of which 17 scientific conferences and meetings were held. In the words of Mohammad Hasan Entezari, deputy chairman of the Iranian Scientific and Industrial Research Organization, this review contributed not only to familiarization with the achievements of technical progress in Russia but also to the development of joint investment.

Next in line is the creation of an Iranian-Russian pharmaceutical enterprise and a number of other joint ventures. The Iranian ambassador is right: Dynamism has indeed been imparted to the development of relations between our countries.

Political Issues

Russia: Yeltsin Signs Power Sharing Treaty With Rostov Region

LD1106094896 Moscow INTERFAX in English 0925 GMT 11 Jun 96

[FBIS Transcribed Text] ROSTOV-ON-DON, June 11 (Interfax) — President Boris Yeltsin signed a power sharing treaty between the federal authorities and Rostov region during his stay in Rostov-on-Don Tuesday.

At the ceremony he said: "A healthy, efficient, dynamic economy is our objective. We want to breathe new life into every branch of production through reforms. This also applies to agriculture, coal mining, the defense industry, engineering — all branches without exception. But this can be done only through joint efforts."

Yeltsin spoke for immediately developing a government program of supporting Rostov coal mining. "Your coal is of high quality and Russia needs it, especially as you have the resources, skilled personnel and appropriate infrastructure, but the problem cannot be resolved by merely injecting money."

On his April decree on supporting agriculture Yeltsin said it must be enforced, especially at the level of regions and concrete farms. "We know that not all farm leaders want to work or resolve the problems of their farms," he said.

"The time has come to hold officials responsible, not just Yeltsin or Chernomyrdin, but primarily regional and city leaders," the president said.

Russia: Russo-Ukrainian Cooperation Commission Composition Changed

MM1006155696 Moscow ROSSIYSKAYA GAZETA in Russian 8 Jun 96 p 9

[Decree No. 604 of the Russian Federation Government "On Changes to the Composition of the Russian Section of the Joint Russian-Ukrainian Commission for Cooperation," signed by V. Chernomyrdin, chairman of the Russian Federation Government, in Moscow on 17 May 1996 — from the "Economic Union" section]

[FBIS Translated Text] The Russian Federation Government decrees that:

The following are hereby included in the composition of the Russian section of the Joint Russian-Ukrainian Commission for Cooperation, ratified by Russian Federation Government Decree No. 74 of 27 January 1996 "On the Russian Section of the Joint Russian-Ukrainian Commission for Cooperation" (SOBRANIYE ZAKONODATELSTVA ROSSIYSKOY FEDERATSII, 1996, No. 6, p 600): Russian Federation Foreign Minister Ye.M. Primakov; B.G. Saltykov, Russian Federation minister of science and technology policy; L.F. Bezlepkina, Russian Federation minister for the social protection of the population; V.I. Shcheglovskiy, Russian Federation first deputy minister for cooperation with the CIS states; and I.G. Ushachev, state secretary and Russian Federation deputy minister of agriculture and food.

V.I. Shcheglovskiy, Russian Federation first deputy minister for cooperation with the CIS states, is hereby approved as the executive secretary of the Russian section of the aforesaid commission, relieving G.S. Kuznetsov of these duties.

[signed] V. Chernomyrdin, chairman of the Russian Federation Government
[dated] Moscow, 17 May 1996

Russia: Central Bank Responds to Profit Grab by Tightening Money

MK1106105396 Moscow KOMMERSANT-DAILY in Russian 11 Jun 96 pp 1, 5

[Report by Yaroslav Skvortsov: "A News Conference by the Central Bank Head. Sergey Dubinin's 'Law of Conservation of Money'"]

[FBIS Translated Text] A bomb has gone off. Yesterday, Sergey Dubinin, chairman of the Russian Central Bank, announced the measures the Bank of Russia had taken in response to the seizure — to the tune of 5 trillion rubles — of its profits. Starting today, it has considerably tightened reserve requirements for commercial banks, lowered the limits of open currency positions established by the Central Bank for commercial banks, and suspended pawnshop auctions. As the saying goes: if something has decreased somewhere [it will increase elsewhere]...

Frankly speaking, few people expected that the Central Bank's reaction to the transfer of its 5 trillion rubles to the budget would be so prompt and resolute. The meaning of Sergey Dubinin's message to the powers that be is quite obvious: If Russia is bound by certain obligations with regard to austere financial policy, one may not do with impudence something of the kind that has been done. "Attempts at resolving budget problems by issuing money (for the seizure of 5 trillion rubles from the Central Bank essentially is the issuance of new money — ed. board) could disrupt financial stability and cause damage to the entire Russian economy," the Central Bank chairman said.

The Central Bank chairman also emphasized that the bank has complied with the law and transferred 5 trillion to the federal budget, but at the same time thought it necessary to take counter measures that would prevent the money supply from going up. For this reason the Central Bank's board of directors decided to tighten requirements for mandatory reserves to be formed by lending organizations, to lower the limits of open currency positions and to temporarily suspend pawnshop auctions.

Although representatives of the Central Bank itself have admitted that, to all appearances, they will be unable "to beat out" of the commercial banks the 5 trillion rubles taken from the Central Bank (they could count on approximately 2 trillion at best), the bank's measures will come as a severe blow to the commercial banks. It should be recalled that the Central Bank lowered the requisite deductions to the fund of commercial banks' mandatory reserves only on 1 May, and now it has to take a U-turn. The Central Bank's actions are indirect proof of a most serious monetary situation, which has come about following all the multi-trillion-ruble preelection infusions.

Speaking about the consequences of the parliament's decision on to transfer 5 trillion rubles from the Central Bank to the budget, Sergey Dubinin said that during the last week of May and the beginning of June of this year more than 13 trillion new rubles were issued. Meanwhile, by the Central Bank's estimates, only the issue of 8 trillion rubles is "inflation-prone." "A further increase is potentially dangerous and could lead to a growth in inflation and a breakup of financial markets," Sergey Dubinin, who, as a rule, is not inclined to public predictions of doom, remarked.

It cannot but be noted that the Central Bank's decision confirmed Sergey Dubinin's remarkable political courage: these extremely unpopular measures were taken with only a week to go before the presidential election. The Central Bank chairman was not fearful of a scandal, which is inevitable in this situation, and reminded everyone about the independence of the Bank of Russia.

Besides considering the economic consequences of seizing its 5 trillion rubles to be adverse, the Central Bank believes that the ruling was not "legally pristine." The Central Bank plans to file a lawsuit with the Supreme Court, requesting that the Law on Transferring the Profits of the Central Bank to the Federal Budget be deemed to be invalid. (In addition, the Bank of Russia asked the Supreme Court to request the Constitutional Court's opinion on whether the aforementioned law is in line with the Russian Constitution.) The bank sees this decision by lawmakers as "a direct violation of the law on the Central Bank," which calls into doubt its independent status.

Yesterday, the commercial banks' reactions to the Central Bank's latest moves were reserved. Yet, to all appearances, this is due to the fact that the banks have simply had no time "to digest" what has occurred. In the opinions of the representatives of the major commercial banks, the tightening of requirements for mandatory reserves and the temporary suspension of pawnshop auctions will bring about a shortage of ruble resources on the financial market and a growth in interest rates. This is quite obvious, though. According to a number of experts polled by the Financial Information Agency, the Central Bank's measures will affect first of all major players on the interbank market. Commercial banks may probably start selling Treasury bills for the purpose of overcoming the shortage of ruble resources.

According to dealers, the decision on lowering the limits of open currency positions by 20 percent could reduce the volume of speculative transactions on the extra-exchange currency market and also reduce the amounts of currency purchasing operations. However, for the time being most dealers cannot forecast the development of events on the currency market.

Vyacheslav Zakharov, executive vice president of the Association of Russian Banks, who was present at the news conference, looked somewhat bewildered, but refused to comment on Sergey Dubinin's statement, saying: "This is the first time I have heard it myself." Nonetheless, over the next few days we can expect increasingly vigorous protests on the part of the banks, as well as increasing pressure on the Central Bank leadership by the government and the presidential staff. KOMMERSANT-DAILY will carefully follow the situation.

Russia: Registration of Sochnut Jewish Agency Still in Doubt

LD1006141796 Moscow INTERFAX in English 1343 GMT 10 Jun 96

[FBIS Transcribed Text] MOSCOW, June 10 (Interfax) — Abraham Burg, the chairman of the Executive Committee of the Sochnut Jewish Agency for Israel, expressed readiness to present "additional explanations" to Russian Minister of Justice Valentin Kovalev in order to ensure the earliest possible registration of his agency.

The Sochnut Agency's Moscow office told Interfax Monday that Burg is "ready to establish the necessary contacts with the Russian Ministry of Justice."

In a letter to the Ministry of Justice Burg writes that his agency is a "voluntary, charitable and non-governmental organization," as documented in a certificate from the Israeli government's general legal adviser and in the agency's charter, presented to the Russian Ministry of Justice.

He also writes that in Israel, Sochnut does not coordinate any government organizations or run any special services.

Earlier, with reference to the Russian Ministry of Justice, Interfax reported that the Israeli organization Sochnut had had registration problems since April 2, 1996, when the Ministry of Justice, on the basis of the Law on Public Organizations, cancelled the state registration of its Russian branch.

A source in the Ministry of Justice told Interfax that Sochnut had been denied registration as its international legal status was not clear enough. The Ministry of Justice has no exhaustive information on whether Sochnut is a public and non-governmental organization, which is essential for its registration he said.

He also said that according to some sources, in Israel, Sochnut coordinates the work of all Jewish organizations, including state-run ones and those handling emigration issues.

Russia: Implications of Kazakov's Gazprom Appointment Eyed

MM1106110996 Moscow PRAVDA-5 in Russian 7-14 Jun 96 p 4

[Article by Aleksey Proskurin: "Gazprom — Zone of Influence"]

[FBIS Translated Text] Aleksandr Kazakov, deputy chairman of the Russian Federation Government, has been elected chairman of the Gazprom Russian Joint-Stock Company Council of Directors. Rem Vakhirev remains chairman of the Gazprom board, having previously held both posts.

Speaking about his appointment, Aleksandr Kazakov stressed that he sees his main role as being to pursue the state line in this company's activity. According to him, the gas industry is strategic to the Russian economy and the state's influence there should be preserved for a fairly long time to come. When asked by an ITAR-TASS correspondent about the future of the state's 40-percent block of shares in Gazprom, Aleksandr Kazakov pointed out that this block of shares in the Russian joint-stock company has been assigned to the state for another three years.

There is no clear-cut interpretation for this event. The implications change depending on the way that events will develop as a result of the presidential elections.

If you consider the appearance of the State Committee for the Management of State Property chairman among Gazprom's leaders in the light of Yeltsin's remaining president, the explanation is as follows: What we are seeing is a typical merger between the elite of the state apparatus and major corporations. State officials and managers shuttle backwards and forward with ease from one high-ranking post to another or hold a whole dozen apiece. In the West this phenomenon is known as "personal union" and has been repeatedly described both in theory and by means of concrete examples.

As for Aleksandr Kazakov's appointment specifically it seems that Yeltsin's team suspected Mr. Vyakhirev of pursuing an overly independent policy and of being patently fixated on German contracts. And might this tight-fisted manager have not been very willing to lay waste his native Gazprom's storehouses by making propaganda payments to Yeltsin's election campaign?...

Kazakov, who does have some inclination for the "Yeltsin-style" state approach, is evidently required to set to rights the overly independent Gazprom president.

If you assume that the incumbent regime is defeated 16 June, in that case it is all fairly clear. The regime is creating "its own areas of influence" where it will be able to take cover for the next four years in order to try to take revenge in the year 2000. Kazakov, loyal to the president, will have to monitor the contrary Vyakhirev, who has never demonstrated boundless devotion to Yeltsin personally.

All this enables me to say that a serious clash has taken place within the ruling elite over control of the financial and other resources of the world's largest monopoly. Two forces — state officials represented by Kazakov and the corps of directors and production personnel, who have hitherto been forced to reluctantly back Yeltsin — have come together.

Be that as it may, the appearance of a top bureaucrat at the head of the only fairly successful monopolist industry will undoubtedly affect its activity in the very near future.

Media Issues

Russia: State TV To Change 'Guise' but Not 'Complexion'

MM1006155896 Moscow KRASNAYA ZVEZDA in Russian 8 Jun 96 p 2

[Report by Igor Yadykin: "Watch in Peace"]

[FBIS Translated Text] On Thursday [6 June] at the Radisson-Slavyanskaya Hotel Eduard Sagalayev, chairman of the All-Russia State Television and Radio Broadcasting Company, and his deputies told Moscow journalists about the television company's immediate and long-term plans.

There were no sensations. The changes on Channel Two will be successive. Russian Television has its own complexion and no one has any intention of changing it. Watch in peace, so to speak.

But some time in September Russian TV will appear to its viewers in a new "guise": The design and layout of its studios, logos, etc. will change.

New sections have appeared within the company's structure. The "RTR-Film" office has been set up. Its task will be to revive national television movies. The first fruits are already appearing: A contemporary detective series entitled "The Street of Crooked Lanterns" is virtually ready for airing. A production center has also been set up, which is to establish new relations between television producers and broadcasters. In particular, the ViD TV company's first program will shortly air on Russian TV and cooperation with REN TV and ATV is expanding, not, moreover, to the detriment of the company's own creative personnel.

Incidentally, let me say a word about the latter. No mass dismissals of company personnel are expected following its sensational change of leadership. About 20 people in all have been released (out of a collective of 4,500) and another 50 have been transferred to the so-called creative production reserve.

Needless to say, everyone was interested in the fate of the "Rossiyskiye Universitety" channel. The All-Russia Television and Radio Broadcasting Company will not give all of Channel Four to NTV but it is prepared to discuss the matter. And "Rossiyskiye Universitety" itself should in the near future become Russia's Discovery Channel — a popular science channel entirely devoted to knowledge.

As a whole the content and nature of second- and fourth-channel programs will become more "democratic." The company is to become a "people's television" company. Evidently this concept will be given visual embodiment on air by a new project known as "The Old Apartment," reminiscent in form of the "From the Bottom of Your Heart" program.

Military Issues

Russia: Work on Improving Service Conditions Assessed

MM1106091296 Moscow KRASNAYA ZVEZDA in Russian 7 Jun 96 p 2

[Report by Ivan Ivanyuk: "At the Level of Average Standards. Servicemen's Social Protection: Achievements, Problems, Prospects"]

[FBIS Translated Text] Three years ago a Russian Federation presidential directive approved a program of priority state measures to step up social protection for servicemen, persons discharged from military service, and members of their families under the conditions of economic and military reform. It provided, in particular, for the elaboration of over 50 legislative and other normative acts on these questions. The "control" figures can be said to have been more than exceeded: During this time 19 federal laws, three parliamentary decrees, over 20 presidential edicts, and 75 Russian Federation Government decrees have been adopted, not counting departmental normative documents. During this time amendments and additions have been made to the laws "On the Status of Servicemen," "On Military Service Obligation and Military Service," and "On Pension Provision for Persons Who Have Performed Military Service or Service in Internal Affairs Organs and for Their Families." The list of guarantees and privileges for military pensioners, servicemen, and those who serve in "hot spots" has been appreciably widened.

But, as was pointed out at a recent expert conference held by the government's Commission on Servicemen's Social Problems in conjunction with representatives of ministries and departments, it is not even a question of quantitative indicators. The most important thing has been done: A base has been laid, albeit far from perfect in all respects, for social and legal guarantees for those who wear shoulderboards. If all the outlined plans had been implemented and it were not necessary to go to court to resolve certain questions, it would even be possible to say that the task of the social adaptation of the Armed Forces and other power structures to market conditions had largely been resolved.

But, unfortunately, not everything outlined in the program has been implemented in full. The Russian Presidential Staff's Control Administration atributes this to some extent to the Economy and Finance Ministries' failure to draw up an agreed plan for its targeted funding both out of budgetary appropriations and from other sources. In particular, the question of compensating transport organizations for expenditure associated with free travel for servicemen on public transport has not been resolved in practice. The adoption of normative documents defining the procedure for state insurance of servicemen's property, for preferential payment of telephones in apartments, for acquiring goods through commissaries at preferential prices, and for other purposes is being delayed.

The state program for providing servicemen with housing during 1993-1995 was funded to the tune of just 48 percent. As a result, the number of people in the Army and Navy without apartments is hardly falling and today exceeds 117,000. Over the past two years there have been numerous delays over the issue of pay and wages to Armed Forces servicemen and civilian personnel. The very system of remunerating military work still cannot be deemed the best available. During these years a lot of increments have been introduced, resulting in substantial differences in the monetary pay of servicemen in different departments. Pensioners have suffered too: Whereas in 1993 the pensionable portion of what an officer received was 70 percent, the figure now is just 48 percent. As a result, the average military pension has fallen to the subsistence minimum. In addition, analysis shows that over 60 percent of military service veterans are unable to claim the rights granted by legislation to medical services in military medical centers and hospitals. The sanatorium-resort base is also in need of further development: Just 7 percent of those who devoted their lives to serving the fatherland have a real possibility of being treated there.

Admittedly the economic situation in recent years cannot be called easy, but in a number of cases references to objective difficulties simply do not stand up to criticism. Who, for example, prevented the Federal Assembly from adopting the law on alternative service, the statutes on preparing young people for service in the Army, on servicemen's material liability, and on the procedure for citizens of Russia to perform military service, and a number of other documents that were in the plans for 1993?

Or take such an acute question as catering for enlisted servicemen. Mindful of the critical situation with the provision of food for the Armed Forces last year, the Ministry of Defense jointly with the Ministry of the Economy submitted proposals for the targeted allocation of appropriations to eliminate debts to food suppliers and to restore the necessary volumes of emergency and carryover rations and on the need for targeted and full funding of expenditure on food regardless of other expenditure in the military budget. The proposals were supported by the government and the president, but, despite this, the Ministry of Finance has not fulfilled the corresponding instructions and everything remains as before. With the annual requirement for food purchases standing at 10.1 trillion rubles [R] this year, the federal budget has provided for just approximately R6.1 trillion for these purposes. Deliveries of many types of clothing allowance to the troops ceased in the second half of 1995. Surely the finance minister realizes which of a soldier's requirements must be met first of all?

Alas, there are quite a lot of failings of this kind. But what has been done must not be belittled either. As Oleg Shatrov, responsible secretary of the government commission, pointed out in his report, "the chief result of the work done is the fact that the normative base designed to ensure that the living standards of servicemen, citizens discharged from military service, and their families is at the level of average social standards within the framework of the state's economic potential has mainly been created." The wording is somewhat diffuse, but it is quite accurate. Of course, the expectations of people in uniform were higher on many counts. In addition, some of the adopted decisions have remained only on paper, while some privileges tend to be leveling measures. All this is so, but nevertheless many social guarantees which did not exist before have become reality, and we have something from which to take our cue in future work.

The question now is how to organize this work. This was also discussed by the participants in the expert conference of representatives of federal organs of state power. There are purely practical questions here. For example, the German side's funding of the provision of facilities for the troops withdrawn from Germany will end this year. Europe will soon stop funding programs to retrain servicemen for civilian trades. We ourselves will have to build, retrain people, and maintain in a working state the training base that has been created, and provision for this must be made when drawing up the country's budget. There are also theoretical questions which must determine state social policy for the immediate future: how to conduct work on setting standards, how to plan the development of the social sphere. The conference participants agreed that it is necessary, first of all, to prepare draft documents ensuring the realization of the privileges already adopted, then drafts ensuring that the norms adopted earlier are brought into line with the Russian Constitution and eliminating contradictions in the normative base and unsubstantiated differences in social standards, and, finally, drafts designed to step up targeted support for the least well-off categories of servicemen and veterans. It was deemed expedient to support the Defense Ministry proposal on the need to draw up a program of state measures for 1997-2000 to increase social protection for servicemen and for veterans of combat operations and military service. Experience shows that this level of formulating problems not only makes it possible to hope for their more or less full resolution but also draws the attention of the general public to the needs of the motherland's defenders. The most important thing now is to ensure continuity in military-social questions and to ensure that the lawmaking process is not interrupted but guarantees servicemen both a definite status in society and a worthy life. At least at the level of the average standards mentioned in the debate.

Federal Assembly

Russia: State Duma Wants Check-Up on Foreign Debts, Loans

LD0706162196 Moscow ITAR-TASS in English 1439 GMT 7 Jun 96

[By Ivan Novikov]

[FBIS Transcribed Text] MOSCOW, June 7 (Itar-Tass) — Russia's State Duma lower house of parliament on Friday instructed the Auditing Chamber of the Russian Federation to valuate the effectiveness of the activity of the federal executive bodies charged with ensuring the repayment of foreign state debts to the Russian Federation, and also examine the effectiveness of the Russian policy of borrowing financial resources from other countries.

The lawmakers voted in favour of this instruction to the Auditing Chamber at the Duma plenary session on Friday.

The expediency of the check-up is due to the need for the timely preparation of the federal laws on the state debt management and on the federal budget for 1997.

Other motives behind the Duma decision are the need to ensure Russia's economic security and its effective integration into the world economy.

Russia: Debate Shows Contradictions of Federation Component Status

MM0706114796 Moscow ROSSIYSKAYA GAZETA in Russian 7 Jun 96 Weekend Edition p 3

[Report by Anna Kozyreva under the "Dialogue of the Week" rubric: "Who Owns the Volga and the Sky Above Our Heads?"]

[FBIS Translated Text] What kind of state do we live in? The problem of the country's state structure has been thoroughly discussed by the Federation Council.

The 1992 Federation Treaty enshrined the national-territorial division of Russia which existed in Soviet times. Many experts consider this a serious mistake.

The participants in the discussion noted that virtually all 15 economic treaties demarcating the powers of the center and the regions are at odds with the Russian Constitution. It reaches absurd proportions. For example, a special treaty with the center has been concluded not only by Irkutsk Oblast but also the Ust-Orda Buryat Autonomous Okrug, which is part of it. The current approach whereby a Federation component is in charge of its "own" mineral resources is not, in the opinion of many, correct. Following such an approach, Volgograd Oblast, for example, could declare part of the Volga its own property, and Moscow could claim the air above the airports.

Moreover, some regions have gold and diamonds, while others live solely by means of the federal budget. The question arises whether a component which cannot meet even half its economic needs can be autonomous.

Such treaties have enshrined the contradictions rather than removing them because no definition of the actual term "component of the Federation" has been given to date, and the status of such a component is unclear. Unduly unclear, is that not so?. It is certainly no wonder that many regions form economic associations with one another. Perhaps such associations (the Greater Volga, the Siberian Accord, and others) are in actual fact the prototype for future Russian components?

Regional Affairs

Russia: Pain Says Yeltsin Following Nazran Talks Closely

LD1106102896 Moscow ITAR-TASS in English 0953 GMT 11 Jun 96

[By Andrey Surzhanskiy]

[FBIS Transcribed Text] MOSCOW June 11 (Itar-Tass) — Russian President Boris Yeltsin has been following closely the Nazran talks from the very start, imparting a political tendency to them, Itar-Tass was told by Emil Pain, head of the working group at the Russian President for the termination of combat operations and settlement of the Chechen crisis. Pain took part in a round-table conference on the settlement of the Chechen crisis, held today in the Public Information Centre at the Federation of Peace and Accord.

Pain said the President defined the two main criterions for reaching agreement in Nazran: It was necessary to achieve at the talks not only the termination of hostilities, but also political stability in the region. These two criterions were noted by members of the delegation of the Federal authorities at the talks and became the main conditions for reached arrangement, Pain said.

Regarding the population's attitude to the problem, Pain said that the public attitude to the Kremlin's policy in the settlement of the crisis began to be altering of late. "Public opinion became more sympathetic to the policy of the Federal authorities," he said. The latest public opinion surveys indicate ever more people believe that Yeltsin will continue taking persistent step toward peace, Pain said.

Admitting considerable influence of the Chechen crisis on the presidential elections, Pain said that for the first time public opinion began to coincide with real steps of the Russian leadership, which encourages certain optimism.

Russia: Yeltsin Links Chechen Settlement to General Stabilization

LD1106092796 Moscow INTERFAX in English 0904 GMT 11 Jun 96

[FBIS Transcribed Text] MOSCOW, June 11 (Interfax) — President Boris Yeltsin guided the most decisive moments of the talks in Nazran between the federal government and the Chechen armed opposition, presidential aide Emil Pain told a round table meeting in Moscow Tuesday.

As organizer of the Kremlin talks with separatist leader Zelimkhan Yandarbiyev, Yeltsin attached great significance to the success of the negotiating process.

The head of state is convinced, Pain said, that a positive outcome of the negotiations will lead to general stabilization in Russia, not only a settlement in Chechnya.

On the significance of the peace settlement, the presidential council member said the conflict consumes about 5 percent of the Russian budget while average annual losses of personnel in Chechnya have exceeded the rate in the Afghan war.

Pain said that for the first time since the beginning of the Chechen conflict Russians have changed their attitude and a considerable number of citizens sympathize with the Chechen policy of the federal authorities. According to public opinion surveys, he said, the number of people dissatisfied with the policy has decreased even though they still constitute the majority.

Russia: OSCE Mission Head Given 24 Hours To Leave Chechnya

LD1006151696 Moscow INFORMATSIONNOYE AGENTSTVO EKHO MOSKVY in Russian 1431 GMT 10 Jun 96

[FBIS Translated Text] By decision of the Government of Chechnya, Tim Guldimann, head of the OSCE [Organization for Security and Cooperation in Europe] mission in Chechnya, is to leave the territory of the republic within 24 hours, the Chairman of the Government of the Chechen Republic Nikolay Koshman, stated in an interview to Ekho Moskvy radio station.

He said that the OSCE mission itself will remain on the territory of Chechnya, since its functions suit the authorities of the republic.

"We have adopted this decision and don't have to agree with Moscow the question of expelling a man whose activities are incompatible with his presence on the territory of Chechnya," N. Koshman said.

"If Mr. Guldimann does not abide by the decision of the government we have law enforcement bodies," N. Koshman stressed.

Russia: Achievements of OSCE Mission Head in Chechnya Defended

MM1006151296 Moscow IZVESTIYA in Russian 11 Jun 96 p 2

[Report by Boris Vinogradov under the "Snap Analysis" rubric: "Why Zavgayev Is Unhappy With Guldimann"]

[FBIS Translated Text] Last Sunday [9 June] Doku Zavgayev's government adopted a statement on the undesirability of the continued presence in Chechnya of the OSCE mission headed by Swiss diplomat Tim Guldimann.

This statement, issued at the very peak of the talks in Nazran, where OSCE representatives are acting in a liaison capacity, came as a complete surprise not only to Tim Guldimann but also to the federal authorities. The Russian Foreign Ministry, disheartened by Groznyy's surprise snub, was initially unable to decide how to react to it and how to clear up the misunderstanding.

The point is that the question of the acceptance of the group and of the powers to be vested in it falls within the competence of Moscow, not of the federation components. Moscow merely takes account of opinions but has the final say, come what may.

Doku Zavgayev and his Premier Nikolay Koshman claim that the OSCE mission staffers are increasingly often exceeding their powers by "reviewing the decisions of Chechnya's legislative organs." It is alleged that they have not been coordinating their travel itineraries or providing information on meetings held with the Dudayevites. A serious accusation, it must be admitted.

The last time that such an accusation was made was last fall by Groznyy Mayor Beslan Gantamirov. He demanded the mission's withdrawal. But the demand was not supported by Zavgayev and remained simply the mayor's "own initiative," and he failed to find a common language with his leadership and subsequently had to resign.

On Smolensk Square [Foreign Ministry] we were told that Tim Guldimann's attention had been drawn numerous times to the need for a "more balanced approach" in contacts with the Chechen sides. For example, on 26 April he was criticized for organizing a visit to Chechnya by Jakob Kallenberg, state secretary in the Swiss Foreign Ministry. Last December during the State Duma elections the whole group left its office in Groznyy and took no part in that important event.

However, Moscow believes that Guldimann has no obvious pro-Dudayev bias. Furthermore, his achievements include the fact that he played a considerable role in organizing the talks between Boris Yeltsin and Zelimkhan Yandarbiyev in Moscow 27 May and in promoting the dialogue which has begun in Nazran.

IZVESTIYA's most recent conversation with Tim Guldimann took place a week ago prior to his departure for Groznyy. He said on that occasion that the OSCE's functions in Chechnya were extremely limited and it was hard to imagine how effective its role would be. But he saw his task in taking an active part in the settlement. Officially Tim Guldimann has not been named as a mediator, unlike Shaymiyev, Nazarbayev, and King Hassan II of Morocco. But he was the one who met with Yandarbiyev, Maskhadov, and the Basayev brothers and persuaded them to accept talks.

Guldimann has not revealed how the contacts were made. One can only guess that he established them "through his own channels" and, of course, without Doku Zavgayev's knowledge. Evidently this activity is what the statement describes as "exceeding the OSCE's powers."

Russia: Chechen Premier Says Moscow Cease-Fire Accord Not Fulfilled

LD1106101296 Moscow ITAR-TASS in English 0954 GMT 11 Jun 96

[By Aleksandr Kharchenko]

[FBIS Transcribed Text] GROZNYY, June 11 (Itar-Tass) — Chairman of the Chechen Government Nikolay Koshman stressed at a news conference here on Tuesday that conditions of the understandings reached in Moscow between federal authorities and Chechen separatists are not being fulfilled.

Koshman noted that "after federal forces stopped fire unilaterally, illegal armed detachments immediately massed in southern areas of Chechnya".

According to the premier, "it is now the fourth week since the understandings were signed, but we received only 14 percent of all our captured people. Chechen separatists again fired today. There are casualties".

Russia: Russians, Chechens Sign Protocols on Talk Results

LD1006165596 Moscow INTERFAX in English 1647 GMT 10 Jun 96

[FBIS Transcribed Text] NAZRAN, June 10 (Interfax) — A Russian federal delegation led by Nationalities Minister Vyacheslav Mikhaylov and a delegation of Chechen separatists led by chief rebel commander Aslan Maskhadov signed two protocols on the results of their talks in the Ingush capital of Nazran at about 7:30 p.m. Monday. One of the protocols deals with military issues, while the other focuses on the release of prisoners.

The military protocol provides for concrete measures to cease fire and end combat operations, ruling out the use of any armaments for combat purposes, shelling or bombing. The document bans "special operations." It has also been decided that a joint working group must formulate the exact meaning of the term "special operation."

Under the protocol, Russian road blocks on exits from settlements are to be removed between June 11 and July 7. Check points are to be established to protect federal forces, which are to be withdrawn from Chechnya by the end of August 1996. A working group is to work out a schedule for the gradual pullout of federal forces and demilitarization of the Chechen territory.

The sides also agreed on the need to hold free elections to Chechen government organs with the participation of all real political forces under public and international control after federal forces are pulled out and the Chechen territory is demilitarized. The protocol says that the elections are an internal affair of Chechnya. The talks' participants pledged to abstain from actions or statements preventing the implementation of the Moscow agreements of May 27 and 28 on an end to combat activities.

The protocol on the exchange of prisoners envisages that a joint working group including six representatives from each side will be created in Groznyy by June 11.

By that date, the sides must exchange lists of prisoners and begin their immediate release. The document also envisages that the sides' representatives may visit corresponding facilities to look for prisoners.

The sides agreed, in particular, to exchange the 27 Russian Interior Ministry servicemen captured on the night of May 31.

Russia: Chechen Peace Talk Envoys Comment on Accord

LD1106065696 Moscow ITAR-TASS in English 0634 GMT 11 Jun 96

[By Ruslan Maysigov]

[FBIS Transcribed Text] NAZRAN, Capital of Ingush Republic, June 11 (Itar-Tass) — Vyacheslav Mikhaylov, head of the delegation of federal authorities at the Nazran talks, speaking in an interview with Itar-Tass here last night, expressed hope for translating into life the understandings reached at the talks in the Ingush capital between the federal delegation and Chechen separatists.

He pointed to the great role of the mission of the Organisation for Security and Cooperation in Europe in organising the present constructive talks. Mikhaylov stressed that the main thing now is for the sides to overcome the psychological barrier (generated by the conflict) separating each other.

Speaking at a news conference devoted to the results of the five-day talks, Vyacheslav Tikhomirov, commander of federal forces in Chechnya, noted that while the sides had worked for 45 days at the past talks in Groznyy, the present talks reached agreement over five days. In the general's opinion, this proves a desire of the two sides to achieve peace in Chechnya.

In the opinion of Khozh-Akhmet Yarikhanov, a member of the Chechen delegation, the signed documents stipulate not only an end to combat operations for both sides, but also provide for ways out of the dead-end after their termination.

He claimed that these are, above all, free democratic elections in Chechnya with the participation of all real political forces in the republic.

Deputy of the State Duma (Russian parliament lower house) Nikolay Bezborodov who heads the commission on the exchange of POWs and forcibly detained people, noted that the signed agreement on a search for missing in action and release of forcibly detained people enables the sides to get down to work at once in this sphere.

Speaking at the news conference, chief of the staff of illegal armed detachments Aslan Maskhadov who headed the delegation of separatists, said that members of the Chechen delegation clearly understood one thing at the talks that the war must stop, and that all emerging problems should be settled only peacefully.

Ending the news conference, head of the delegation of federal authorities Mikhaylov wished both sides that "their hearts should be open to each other. Then, trust will be restored".

Russia: Federal Troops Begin Pullout From Chechnya

LD1106100596 Moscow INTERFAX in English 0928 GMT 11 Jun 96

[FBIS Transcribed Text] GROZNYY, June 11 (Interfax) — Formations of the 245th infantry regiment started leaving their positions in the area of Shatoy, Chechnya, Tuesday morning for the closest railway station, chief spokesman for the federal force in Chechnya Roman Sokolovskiy told Interfax.

He said the federal command is making the withdrawal schedule so as to complete the process by August 31, in keeping with the agreement reached in Nazran Monday.

He said the recent rains flooded the roads in Chechnya hindering the withdrawal. "The process has been slow so far," the official said.

He stressed that only two federal brigades will remain in Chechnya on a permanent basis: the 245th infantry brigade and the 101st brigade of Interior Ministry troops.

The spokesman said intercepted radio communications indicate that militants want to destabilize the situation in Groznyy. According to his knowledge, they plan to capture the local TV center.

Sokolovskiy said one serviceman was killed and nine wounded in Chechnya Monday, according to preliminary reports. Seven Interior Ministry troops were wounded as their armored vehicle heading for Groznyy hit a land mine.

A landing vehicle hit a mine in the area of Orekhovo. One serviceman died and two were wounded.

Federal troops came under attack 22 times Monday, 15 of them in Groznyy, the spokesman said.

Russia: Chechen Separatists Free 14 POW's Held Since 31 May

LD1006172196 Moscow ITAR-TASS World Service in Russian 1701 GMT 10 Jun 96

[By ITAR-TASS correspondent Ruslan Maysigov]

[FBIS Translated Text] Nazran, 10 May [date as received] (Itar-Tass) — Fourteen POW's, captured by Chechen fighters on 31 May, were today handed over to the federal side, representatives of both delegations at the talks on a Chechen settlement, State Duma Deputy Nikolay Bezborodov and Kazbek Makhashev, the interior minister of "the Republic of Ichkeria [Chechnya]," said today. This act was the result of the visit today to Chechnya from Ingushetia by a group of experts representing both sides at the talks.

Russia: Chechen Mission Says Elections To Take Place 16 Jun

LD1106100196 Moscow INTERFAX in English 0945 GMT 11 Jun 96

[FBIS Transcribed Text] MOSCOW, June 11 (Interfax) — Elections to the Chechen popular assembly will take place on the planned date — June 16, according to a statement of the Chechen mission to the Russian president circulated in Moscow Tuesday.

It says nobody has cancelled the resolution of the Chechen Supreme Soviet on holding elections on June 16 and all decisions on the matter are the prerogative of the Supreme Soviet.

"Any agreements behind the back of the Supreme Soviet have no legal grounds," the declaration says.

The understanding on postponing parliamentary elections in Chechnya was reached at the talks between the federal authorities and the Chechen armed opposition in Nazran Monday. The sides agreed all actual political forces should take part in elections under public and international control after the withdrawal of federal troops and the demilitarization of Chechnya.

Russia: Chechnya Elections Only To Be Held After Russian Pullout

LD1006164596 Moscow ITAR-TASS in English 1639 GMT 10 Jun 96

[FBIS Transcribed Text] NAZRAN, June 10 (Itar-Tass) — The delegations of Russia and Chechen separatists agreed at their talks in the Ingush capital Nazran on Monday that elections to all bodies of power in Chechnya should be held only after the withdrawal of Russian troops, thus removing the last obstacle to the signing of a protocol on a set of military aspects of Chechen settlement.

At the same time, a spokesman for the Chechen separatists' delegation, Movladiy Udugov, told Itar-Tass that the protocol has not been signed yet because there is one "insignificant" point that needs to be worked out.

He did not elaborate, but did not rule out the possibility that the protocol, which has been practically approved by both sides, may be signed by the end of the day.

Speaking about elections to the Chechen parliament, Udugov pointed out that the delegations had agreed that they should be held with the participation of all major political forces in Chechnya and should be its internal business.

The delegations reached an understanding today that Russian troops will begin to remove their roadblocks from Chechen villages on Tuesday to finish this work by June 30.

The withdrawal of troops will take more time and may last until the end of August.

The both sides pointed out that the current ceasefire, effective since midnight May 31, should exclude the use of any weapons, terrorist acts, robberies, murders, hostage-taking and blocking of villages. They also pledge to prevent illegal possession of arms.

Russia: Chernomyrdin Makes Working Visit to Voronezh

LD1106105796 Moscow ITAR-TASS in English 1030 GMT 11 Jun 96

[By Gennadiy Yezhov and Anatoliy Starukhin]

[FBIS Transcribed Text] VORONEZH, June 11 (Itar-Tass) — Russian Prime Minister Viktor Chenomyrdin is currently paying a working visit to Voronezh. He is accompanied by Minister for Economics Yevgeniy Yasin and Minister for the Atomic Energy Viktor Mikhaylov.

The Premier visited the townlet built for servicemen of the former Western Group of Troops in the northern neighbourhood of Voronezh, where more than one thousand families are now living. He also called at one of the local schools, at a kindergarten, and at some flats where he talked to the tenants. Then the Premier went to the "Zarya" Association, where modern space communication facilities are made. Chernomyrdin met managers of enterprises making up the local radioelectronic complex — the pride of Voronezh.

Of course, the local authorities were eager to draw the Premier's attention to the principal local problems. Head of the Regional Administration Aleksandr Kovalev told Itar-Tass that they included, among others, the further construction of housing for more than 2,000 families of servicemen and the building of two new generating blocks at the Novovoronezhskaya nuclear power plant. The attention of the Premier will be drawn also to some problems of the agro-industrial complex. The point is that two-thirds of the rural machine pool is worn out.

The Prime Minister will today attend a meeting with heads of the local administrative bodies, organs of self-government, enterprises and institutions. He will visit the Eparchial Board. Chernomyrdin will also attend a festive meeting devoted to Russia's Independence Day.

Russia: Admiral Kuroyedov Interviewed on Pacific Fleet's Future

MM1106102996 Moscow KRASNAYA ZVEZDA in Russian 7 Jun 96 p 1

[Interview with Admiral Vladimir Kuroyedov, commander of the Russian Pacific Fleet, by Captain Second Rank Nikolay Litkovets; place and date not given: "To Improve the System of Control. To Enhance Professionalism of Execution. Pacific Fleet Commander Admiral Vladimir Kuroyedov Supports the Principle of Manning the Armed Forces on a Professional Basis"]

[FBIS Translated Text] [Litkovets] Vladimir Ivanovich, you served for quite a long time in the Pacific Fleet and returned to it in a new capacity after a break of three years. How do you see Russia's eastern fleet today?

[Kuroyedov] I began my service as fleet commander by studying the state of affairs on the spot — I ascertained the level of the forces' combat readiness and the state of the fleet's infrastructure and investigated the moral climate in the Pacific Fleet's combined units.

Tours of fleet garrisons and conversations with seamen convinced me that people are serving on our most distant borders who are sincerely striving at this difficult time to preserve the fleet for Russia, to maintain its combat readiness at the proper level, and to fulfill as well as possible the tasks that have been set it. I particularly wish to point in this connection to the subordinates of Vice Admiral Mikhail Zakharenko, Rear Admiral Vladimir Goldibayev, and many fleet staff officers.

Yes, the fleet has gotten smaller. Quite a large number of ships have been decommissioned. But the fleet has not died — which fact is convincingly borne out by the results of the winter training period.

[Litkovets] The fleet's combat readiness can also be judged by the recently held large-scale command and staff exercises....

[Kuroyedov] This was the first time in recent years that we had held a full-fledged command and staff exercise culminating in the ships putting to sea en masse. In cooperation with the Air Force, the Air Defense Forces, and Ground Forces units over 70 ships and vessels carried out approximately 200 combat exercises, including 18 missile firings, against a complex tactical background from Kamchatka to the Sea of Japan.

[Litkovets] The exercises are over, and the fleet has returned to the rhythm of everyday life. But there has evidently been no decrease in the commander's cares....

[Kuroyedov] Do you know what is of most concern to me now? To be brief, it is the organization of an efficient system of control. For the way we live depends on the way we exercise control.

I was convinced of this during my tours of the fleet. In those units and combined units whose commanding officers have set up the control system properly, order reigns, and service, everyday life, and personnel catering are organized normally.

Yet alongside there is frequently a unit which tackles the same tasks, but the situation in it is quite different. The commanding officer ascribes all the shortcomings to the lack of proper support and funding. In speaking of this, I will at once declare my position: I will call most strictly to account those commanding officers who attempt to justify their inactivity, as well as those who abuse their official position supposedly for the benefit of the unit and personnel.

Under the present difficult socioeconomic conditions I deem it necessary to make commanding officers fully face up to the personnel and to their needs and requirements. To teach officers to see the individual in every subordinate. The organization of daily life and the strict fulfillment of regulation requirements — this is the basis that makes it possible to resolve any task in a qualitative manner.

[Litkovets] Vladimir Ivanovich, the Pacific Fleet is on the threshold of the new millennium, and you, to all appearances, have to lead it into the new century. What course have you charted, and what must the fleet be like in the foreseeable future?

[Kuroyedov] The fleet of the 21st century will have new ships and new people. The reduction in the number of ships will be offset by their considerably increased potential and universality. Here, I believe, the Russian presidential edict on manning the Armed Forces on a professional basis as of the year 2000 is very timely. Only professionals must control 21st-century hardware. I am very impressed by the thoughts which the president expressed in his letter to the Armed Forces' personnel. We are preparing to admit to the fleet the cruiser Petr Velikiy, a most modern ship which in terms of many systems is unequalled not only in the country but also in the world, and we are awaiting a new submarine cruiser and ships of other classes.

The fleet is alive, the fleet is developing. It will be preserved despite all the complexities of our life today. I am sure that a great future awaits it along with Russia.

Economic Issues

Russia: Livshits Comments on Russia's Foreign Debt Policy

LD1006131996 Moscow ITAR-TASS in English 1258 GMT 10 Jun 96

[By Andreiy Surzhanskiy]

[FBIS Transcribed Text] MOSCOW, June 10 (Itar-Tass) — "The terms of Russia's membership in such international financial organisation as the International Monetary Fund, and the Paris and London Clubs, will dictate its policy in respect to external debts in 1997," Presidential Economic Adviser Aleksandr Livshits told journalists in the Kremlin today. Commenting on the foreign loans section of the President's message to the government on the 1997 budget, Livshits stressed that the document stipulated that payments should be kept at the level of one per cent of the gross domestic product in 1997, and that the number of credits granted with government guarantees should be cut down substantially.

The message, Livshits pointed out, particularly stresses the role of foreign investors on the market of state securities, and also of floating Russian government securities in Europe. This form of loaning, the Presidential Adviser believes, is most effective. It allows us to get money in places where this is cheaper and to free internal resources for investment purposes, Livshits said.

Russia: Economy Minister Yasin on Jan-Apr Fiscal Statistics

MM1006133196 Moscow FINANSOVYYE IZVESTIYA in Russian 7 Jun 96 p 1

[Report by Yelena Krivyakina: "Ministry of the Economy Calls for End to Non-Implementation of Budget's Expenditure Component"]

[FBIS Translated Text] It can be stated with confidence today that Russia has achieved financial stability. Economy Minister Yevgeniy Yasin made such a statement last Wednesday.

The inflation rate is falling steadily. In May the inflation index was 1.6 percent (around 28 percent annually), which is the lowest figure during all the years of the reforms.

During the past four months, trade turnover compared to the same period last year has increased by 1 percent, exports have increased by 12 percent (with a 28-percent increase of April over March), and imports by 8 percent (a 3-percent increase).

At the same time, the decrease in investment activity has not been overcome. During the past four months the total volume of assimilated investments in fixed capital has decreased by 10 percent in comparison with the corresponding period last year. The decrease in capital investments in the manufacturing sector between January and April was 15 percent.

During the first quarter there was practically no funding of investments from the federal budget. For the past four months the volume of funded state investments was 2.1 trillion rubles [R] (or 6.3 percent of the annual quota).

The nonreceipt of taxes and the non-implementation of the budget remain a key problem during the current period. The increase in tax arrears for April alone amounts to more than R10 trillion and to around R60 trillion since the beginning of the year. The federal budget deficit for the past four months was 4.3 percent of the gross domestic product. Around 50 percent of all budget expenditure went on the payment of wages and pensions. Last year these expenditures accounted for 27 percent of it.

In the opinion of Yevgeniy Yasin, one of the reasons for this phenomenon lies in the abuse of tax exemption and of mutually offset debts. Tax exemptions and offset debts amounted to approximately 32 percent of all [the projected] tax revenue in the first quarter of this year. It is understandable that the budget's cash implementation was far smaller under these conditions.

The forthcoming presidential elections were no less important a reason for the nonreceipt of taxes. The majority of enterprises, in anticipation of the election results and a tax amnesty, are preferring not to pay their taxes. In connection with this, according to Finance Ministry figures, the federal budget's income component for the first quarter of 1996 has been implemented to a level of 70.3 percent, while its expenditure component has been implemented to a level of 74.7 percent.

Owing to a lack of direct funding from the budgets at all levels and of working capital among enterprises, the unpaid wage bill on 29 April 1996 was R23.9 trillion and decreased over the month by 2 percent, but compared to the unpaid wage bill on 20 January had increased by 17 percent.

The Economy Ministry put forward to the government a series of measures to resolve the current problems. Ye. Yasin drew attention to the fact that all of them were designed not to increase the burden on manufacturing and recover the arrears but to strengthen the position of domestic industry.

First of all there is the sale of alcohol. In spite of the fact that a minimum price has been fixed for vodka, it continues to be sold at a lower price.

The second measure is to establish new customs duties on automobiles that have been supplied from abroad. Last year, though according to Economy Ministry estimates around 400,000 foreign cars were imported into the country, the duty collected turned out to be pitiful.

The last of the measures proposed by the Economy Ministry is to change the procedure for collecting customs duty for goods imported by individuals. Here Yevgeniy Yasin noted that no proposal to increase the tax burden on "shuttle traders" had been received from the Economy Ministry.

By implementing the listed measures, the Economy Ministry estimates that the budget will receive a minimum of R3-4 trillion a month, allowing it to cover a significant proportion of its expenditure.

Russia: Hopes for National Economic Council Outlined

MM1006142596 Moscow TRUD in Russian 6 Jun 96 p 4

[Interview with Aleksandr Tikhonov, president of the Russian Finance Corporation and newly elected secretary of the National Economic Council, by Sergey Baygarov; date and place not given: "Aleksandr Tikhonov: 'We Are Ready To Work Around the Clock'"]

[FBIS Translated Text] The first Russian economic forum was held in Yekaterinburg 18 May on the initiative of some well-known politicians and entrepreneurs, namely Eduard Rossel governor of Sverdlovsk Oblast; Mikhail Yuryev, deputy chairman of the State Duma; Vladimir Vinogradov, chairman of Inkombank; Aleksandr Tikhonov, general director of the Interural enterprise; Andrey Nechayev, president of the Russian Finance Corporation; Yuriy Komratov, general director of the Nizhniy Tagil Metals Combine; and Igor Abylgaziyev, chairman of the League of Cooperative Members and Entrepreneurs. More than 1,000 representatives from 63 regions of the country took part. Participants in the forum founded the National Economic Council [NEC] and elected Aleksandr Tikhonov its secretary. Today he answers questions from TRUD's correspondent.

[Baygarov] Aleksandr Anatolyevich, you have managed to make a considerable mark — I am thinking of the recently held Russian economic forum. There was no shortage of comments and reactions in the press and on television. What happens next? Will this mighty organizational work not disappear into the "election sands"?

[Tikhonov] Well, it is true that we do not conceal our political sympathies. The first economic forum stated in its political declaration that only Boris Yeltsin can guarantee the continuation of reforms. It is impossible to stand aloof from politics at the present time, such are the realities of Russia today. So the overwhelming majority of delegates — entrepreneurs, industrialists, and leaders of organizations from all over the country, with millions of people behind them — are giving their political support to our current president.

But in general our goals are far more long-term than participation or non-participation in a particular election campaign. The business people who assembled in Yekaterinburg do not intend to leave Russia under any circumstances. These people's responsibility, their desire to organize in order to influence the elaboration of economic strategy, is suggested by the fact that they immediately responded to the call, that they came without reflection or procrastination, dropping all other business. The idea of an annual gathering of our country's entrepreneurs and bankers like this was just waiting to picked up; that is why it took place.

[Baygarov] Do you mean that Russia's business people have finally become aware of themselves as a force capable of defending corporate interests?

[Tikhonov] I mean that the first economic forum was necessary in order to speed up reforms in Russia and for the opinions of the regions, especially those of industrialists, entrepreneurs, and bankers, to be heard in Moscow, so as to raise the living standards of all Russians and not just the so-called "new Russians." All of us who are involved in business, irrespective of the size of our capital and current assets, are extremely concerned by the low living standards of the population, and it is very painful for us to see that there are unemployed, that there are people earning 200,000 or 300,000 [rubles] a month, and that even that amount of pay or pension is not given to them for months on end. We believe that we too bear responsibility for resolving the ordinary person's problems.

The first economic forum proposed specific measures to overcome the crisis. The document is called "Urgent Measures To Improve the Russian Economy." Our "measures" differ from the majority of "election" programs in that they contain specific measures that are fully capable of being implemented.

[Baygarov] You have been elected secretary of the NEC. Whom will it be advising, and what advice will it give?

[Tikhonov] The purpose of our organization is to unearth, analyze, and propose specific paths for resolving various economic problems in the republics, regions, and rayons. The NEC will prepare proposals aimed at setting up legal, economic, and social mechanisms to solve these problems. In the intervals between economic forums — the next will be held next May — it will meet every month.

The Council is composed of regional politicians, industrialists, entrepreneurs, and bankers. We believe that a standing NEC operation will help the president, the government, and the Federal Assembly to elaborate edicts, decrees, and laws affecting the economic sphere.

[Baygarov] When does the Council's first session take place?

[Tikhonov] I think that we will be able to convene the first session of the Council in July-August.

[Baygarov] What issues is it proposed to discussed at the NEC's first session?

[Tikhonov] There are both strategic and tactical tasks. We talked about them in some detail in Yekaterinburg. There are 11 policy areas that must be pursued simultaneously. For lack of space I will cite just a few of them (the full document was published in TRUD for 28 May).

First, we must at long last provide political guarantees of the protection of property rights and the rights of property owners; otherwise we will view every election as virtually the eve of civil war. Second, it is time to move from words to actions in the sphere of stimulating the structural overhaul of the Russian economy, boosting investment activity, and restoring the financial health of enterprises. Furthermore, we have provided for specific measures to strengthen social protection for the population. Importantly, these measures provide for precise mechanisms to implement them. Of course, the document also talks about developing the agro-industrial complex, improving the tax system, and much else.

Taking account of the integral economic concept elaborated at the forum and with a clear grasp of the direction in which we should be heading, at NEC sessions we will also discuss and seek to resolve tactical or local tasks. For example, the most acute problems right now are investment in production and setting up or restoring production relations. Without resolving these questions it is impossible to establish the production of high-quality Russian products.

Other "burning" questions are supporting Russian exports and solving social problems.

[Baygarov] Does the NEC have a mailing address yet?

[Tikhonov] The Council's headquarters is in Moscow; an office has opened in Yekaterinburg. Branches will also be appearing in other major Russian cities in the near future.

[Baygarov] Where will the money come from to implement such a large-scale project?

[Tikhonov] From the voluntary contributions of the enterprises and institutions that belong to the NEC. The Council will function as an independent legal entity. We hope that a presidential edict that will raise the NEC's status will be issued in the near future.

Incidentally, similar organizations have long existed and been sucessful abroad; for example in Germany, France, and the United States. They exert a significant influence on the activity of their governments, and we would like to have a positive influence on our leaders too. We are confident that the opinion of Russian industrialists, entrepreneurs, and bankers should be taken into account in the process of adopting economic and political decisions, not only in the capital but also in the regions.

[Baygarov] That is to say, you want to lobby for the interests of Russian industrialists and entrepreneurs?

[Tikhonov] Lobbying in the strictest sense of the term means "winning" various lucrative contracts, preferential credits, and so forth, for our organization's members. No, we do not see that as our task. It is significantly wider, and includes constructing the sort of policy and creating the sort of favorable conditions that enable entrepreneurs and industrialists to work undisturbed for the good of the country. Finally, it is necessary to devise permanent rules and not change them in the middle of the game.

Figuratively speaking, we need to lay the tracks on which the locomotive of our economy will run. The NEC is prepared to offer, on a voluntary basis, great help to the government and legislators in laying these tracks. We know how to get the locomotive moving at high speed.

For example, metallurgy could become a powerful locomotive of the economy, if it were helped. The sector brings the country sizable hard-currency revenue. And although conditions for producers are — let's put it this way — not very comfortable, nevertheless metallurgists are continuing to increase their output under the very difficult conditions. Sectors like that should be supported. A bird in the hand is worth two in the bush: We should actively help those who are standing on their own two feet, and they will drag the rest behind them....

We also have fine drivers for this locomotive: industrialists and entrepreneurs, leaders of sector departments, and bankers. They are even ready to work on these locomotives right around the clock. Take, for example, S. Afonin, chairman of the Russian Federation Committee for Metallurgy, and his deputy, L. Shevelev. I think that the delegates to the congress will long remember the latter's speech. It was in keeping with the remarks of those eminent banking representatives V. Vinogradov and Yu. Mishov. The NEC's task is precisely to ensure that all these wise words do not disappear into the sand, but are transformed into draft decrees, directives, and edicts whose implementation helps to improve the situation in the country.

We are confident that the NEC will be a strong organization.

Russia: Budget To Get More Revenues From Alcohol Trade

MK0706133296 Moscow SEGODNYA in Russian 7 Jun 96 p 2

[Report by Elmar Murtazayev: "The Government Will Step Up Its Fiscal Pressure on the Alcohol Market. The Institution of Excise Clerks Is Going To Be Introduced"]

[FBIS Translated Text] The Government, trying to find urgently additional sources for the budget, has come back to its idea to increase tax pressure on the Russian alcohol market. The proposed ways to overcome the budget crisis, voiced by Economy Minister Yevgeniy Yasin a few days ago, in addition to the strengthening of oversight of the collection of customs duties for imported cars and the improvement in the collection of customs duties from "shuttle traders," also envision "the implementation of governmental decisions on the regulation of the alcohol market." The minister said at a recent press conference that the combination of these measures can contribute to the budget some 3-4 trillion rubles monthly.

As SEGODNYA has learned, the Government is paying a special attention to measures to regulate alcohol turnover. The reason is obvious: Whereas in 1990 the budget received, on average, nine rubles per each bottle of vodka, at present it receives, at best, two rubles. The Economy Ministry experts who have been dealing with this problem believe that this is due to that the market is oversupplied with vodka imported without paying customs duties or produced by tax defaulters. As a result, law-abiding taxpaying enterprises do not stand the competition and have to cut their production. It is largely for this reason that the alcohol-producing enterprises in Russia are now being utilized by not more than 16-17 percent of their capacity. At the same time, calculations show that the actual volumes of production are 1.5-2 times higher than those given in tax reports. Enterprises often mention in their reports only a part of their actual production.

To block this way of tax evasion, the institution of excise clerks, with the right of a permanent access to production and storage facilities of an enterprise, will probably be introduced. The Government believes that these tax posts can be funded at the expense of the license fee. There are more radical proposals, boiling down to a ban on the production of alcohol and strong liquors from foreign partner's materials, as well as to the lease of production facilities of alcohol-producing enterprises to other organizations.

The matter, however, does not end there. To counteract the smuggling of strong drinks, which is a common practice for major Russian importers (above all the National Sports Foundation), customs posts will probably be reinstituted on borders between countries that are members of the Customs Union. It is expected that these posts will be used to check cargoes only from third countries; therefore, such a move will not be in direct contradiction with the conditions of the Customs Union.

Russia: Antiprivatization Trends Viewed

MK0806105096 Moscow NEZAVISIMAYA GAZETA in Russian 7 Jun 96 pp 1-2

[Report by Tatyana Koshkareva and Rustam Narzikulov under the "Interests" rubric: "Yet Another Backroom Fight for Property on the Eve of the Election. Owners of Property and Capital Never Received Reliable Guarantees of the Inviolability of Their Assets"]

[FBIS Translated Text] With the election only ten days away, distinct antiprivatization tones have been heard in the voice of the official authorities. Yet no one in particular wants to claim the authorship of the property redivision plans. It is difficult to identify the powerful puppeteer who is pulling the strings and initiating the emergence of presidential edicts, government decrees, and arbitration court rulings. Judging by the sheer number of nationalization and privatization projects, however, there must be several such puppeteers.

Aleksandr Kazakov, deputy prime minister and chairman of the State Property Committee, and Defense Industry Minister Zinoviy Pak, who have been visiting Rybinsk, "will consider" including "Rybinskiye Motory" ["Rybinsk Engines"], a major aircraft engine making company, on the list of strategically important enterprises whose federally held blocks of shares may not be sold.

Also revealing was the government's reaction to the plans by the Fuel and Energy Ministry to gain control over the state-held blocks of shares in oil and power generation companies and to keep them under federal ownership until the end of 1998. The government is not rushing to make a decision on the proposal, but it has not rejected the ministry's ideas from the outset either.

The deputies, too, would like to boast of their achievements in the area of nationalization. For instance, drafts continue circulating at the State Duma calling for "Norilskiy Nikel" ["Norilsk Nickel"], one of Russia's largest companies, to be returned to the government's fold.

The antiprivatization trend can hardly be regarded as a casual phenomenon. To all appearances, the temptation to play the pro-government card turned out to be too irresistible for anyone to refrain from using it in the electoral struggle. It should be recalled that fully distinct antiprivatization sentiments first became discernible in March, when Aleksandr Kazakov, newly appointed chairman of the State Property Committee, unexpectedly admitted that the Comptroller's Office had grounds for hurling charges at the organizers of the loans-for-shares auctions. At the same time, Fuel and Energy Minister Yuriy Shafranik first unveiled — at a meeting of the Day-to-Day Matters Commission — the draft document "On Returning the Shares of Five Oil Companies Into State Ownership." Also unclear at the moment was the fate of the "Norilskiy Nikel" joint-stock company, whose former general director Anatoliy Filatov, resisted UNEXIMbank's control over the combine.

In April it finally became clear that ownership in Russia is nothing more than a hostage to political expediency. The best proof of that was furnished by the Communist Duma members, who "suddenly" toned down their criticism of "Norilskiy Nikel." Furthermore, many parliamentarians who were in opposition to the president "suddenly" began backing UNEXIMbank in its struggle for "Norilskiy Nikel."

The absence of clear-cut views with regard to private ownership has been manifesting itself in specific actions by both the left and the right. Contrary to their opponents' expectations, the Communists would not emphasize their aversion to private ownership during their election campaign. Indeed, why agitate the owners of capital, equity, and real estate before time? Gennadiy Zyuganov's "Economic Platform" says very carefully that the state "needs to retain a considerable part of the national production potential in its hands." The state enterprises of "the mining, defense, transportation, power generation, and a number of other industries... should make up the foundation of the national economy."

In all likelihood, the Communists will find themselves upstaged by this antiprivatization activity, because for the current authorities it will also be very difficult to part with the state-owned shares that have been turned over to banks as security. If Yeltsin is reelected, their prices will soar by tens or, maybe, hundreds of percentage points. The operations of reclaiming the blocks of shares will yield profits too high to give away to the bankers.

By the way, the well-known political moderation of the businessmen from the Group of 13 is largely attributable to the fact that they have never managed to find out the actual attitude towards the idea of inviolable private ownership by any of the realistic candidates for the post of Russian president. Of course, there is a very realistic threat that, in the event of their victory, the Communists will embark on a drastic redistribution of capital and property. But the incumbent president has not yet given any assurances either that the policy of privatization and the management of state property will be free from the abrupt fluctuations that have been characteristic over the past several months.

Possibly, the commercial banks can also find solace in the fact that the second important economic consequence of the presidential election will be an inevitable upsurge in inflation. While until 5 June this was only a hypothetical — albeit fully realistic — suggestion based on the pyramid-based policy of budget borrowings, after the parliament's decision to remit the Central Bank's profits to the budget, no doubts whatsoever are left as to the government's ability to sidestep all restrictions on money creation. The accelerated growth in monetary aggregates will give the commercial banks even greater opportunities to earn "inflationary income." The business community will be well-equipped to live to see the next political upheavals.

Until recently the chief explanation for all the Russian economic flops of the past five years has been that "it is impossible to work calm in an atmosphere of political upheavals." Yet it seems that the cause-and-effect relationship in this thesis has been reversed. In order to cling on to power, including economic power, the candidates for high posts simply need political upheavals. The current election is not an exception. The key question of economic development — the question of ownership — is still dependent on the political calendar.

Russia: 'Lessons' Will Be Learned as Privatization Proceeds

MM1106080296 Moscow ROSSIYSKAYA GAZETA in Russian 8 Jun 96 p 6

[Unattributed report: "There is a Specter Abroad..."]

[FBIS Translated Text] "It is necessary to transfer 70 percent of industrial enterprises in Russia into private ownership; 50-55 percent have been privatized so far; 30 percent of enterprises are to remain in state ownership." This was stated at a press conference by Pavel Bunich, chairman of the State Duma Committee for Ownership, Privatization, and Economic Activity.

"The specter of privatization is abroad throughout the world now," he stressed. "Privatization is taking place in approximately 100 countries because the idea of the state management of the economy is bankrupt," the economist said.

He is confident that the process of privatization in Russia will undergo changes with the adoption of the law on privatization which is being drafted in the State Duma. During the preparation of this law, P. Bunich stressed, lessons will be learned from the "bitter experience of the privatization of Norilsk Nickel and many other supergiant enterprises." Among other things there will be strict monitoring of the use of the state's bloc of shares in privatized enterprises, P. Bunich said. It is planned to abolish concessions to labor collectives, reassess enterprises' fixed assets at market prices, and ban the sale of state blocs of shares held in trust in enterprises of strategic importance.

Pavel Bunich stressed particularly that the new law on privatization will not be retroactive and ruled out so-called backdoor redistribution [chernyy peredel], that is, deprivatization.

Russia: Khandruyev, Kozlov on Evolution of Russia's Central Bank

MM1006152096 Moscow FINANSOVYYE IZVESTIYA in Russian 7 Jun 96 p 1

[Report by Andrey Davlitsarov: "International Congress Notes First Signs of Increased Reliability of Russian Banks. The Central Bank Has Turned Completely into a State Structure Accomplishing the Traditional Task of Central Banks — the Implementation of Monetary Policy"]

[FBIS Translated Text] St. Petersburg — The 5th International Banking Congress continues its work in St. Petersburg.

At a press conference, Aleksandr Khandruyev, first deputy chairman of the Central Bank, set out three main areas in the Central Bank's activities: the implementation of monetary policy, the stabilization of the country's banking system, and the development of a payments system. Its main achievement to date lies in keeping down inflation and strengthening the ruble, which, taken with the positive external trade balance, provides a real opportunity for the introduction of a convertible ruble.

It is worth singling out Central Bank Deputy Chairman Andrey Kozlov's assertion at the press conference that the state securities market, in spite of the jittery behavior of a number of its participants, is no less controllable than the currency market. Moreover, Central Bank representatives are confident that practically any outcome of the presidential elections is incapable of destroying it in the foreseeable future.

It should be noted that the usual points about how financial support is essential to domestic industry had disappeared from the Central Bank leaders' speeches. In the opinion of observers, this is evidence of the fact that the Central Bank has actually turned completely into a state structure, accomplishing the traditional task of central banks — the implementation of monetary policy.

In A. Khandruyev's opinion the first signs have appeared of an shift toward "banks' increased reliability." First, the number of credit organizations is steadily decreasing, which is evidence of a marked toughening in the Central Bank's supervisory policy. Second, for the first time in a statement on economic policy signed by the prime minister, there was a point on restructuring the banking system. The Central Bank has effected certain structural changes to strengthen supervision and inspection. Whereas before there were only two sections within its structure performing these functions, a decision has now been adopted to create an independent department for the licensing of credit organizations and for the licensing of auditing. A department of remote prudential supervision as well as a department for rescuing credit organizations' finances are in the process of being set up. In Europe supervision in banking is not the prerogative of the central bank — this is a function of the government like the rescuing of finances. But in the conditions in Russia, the Central Bank's first deputy chief says, a tendency to concentrate these functions in the Central Bank's hands prevails.

The Central Bank intends to regulate the work of credit organizations with deposits from the population particularly strictly. A temporary requirement has been introduced — commercial banks can only attract capital from the population two years after they have started trading. Requirements concerning the size of incorporation capital have been made tougher. Moreover, the Bank of Russia has adopted a decision to strengthen its "early warning" service with a view to exposing problem banks in good time.

Aside from this, the bank has produced criteria for rescuing the finances of credit organizations and providing assistance to banks experiencing temporary financial difficulties. In connection with this, only "socially significant" credit institutions are among those banks to which the Central Bank will in certain circumstances lend assistance. In the opinion of Aleksandr Khandruyev, all the these measures will bring about the stabilization of the Russian banking system.

Russia: Savers 'Calm,' Banks Developing Normally on Election Eve

MM1006153796 Moscow FINANSOVYYE IZVESTIYA in Russian 6 Jun 96 p i

[Report by Vladimir Kovalevskiy: "Banks and Depositors Remain Calm and Unruffled"]

[FBIS Translated Text] Nothing remarkable has happened on the personal savings market in the first days of June. Moscow commercial banks are continuing to work normally. It would appear that the forecasts of certain experts that citizens would start withdrawing their money from deposit accounts en masse in advance of 16 June are not being realized. Depositors are reacting calmly to the approach of "X hour," not linking the safety of their savings with the political situation in the country, which may be about to change. In the opinion of Maksim Balod, director of Mostbank's Customer Service Department, many clients have already become so accustomed to being able to keep their funds in banks and using banking facilities and services that they are convinced that these services will continue irrespective of the presidential election result.

Maksim Balod reports that the dynamics of personal savings in branches of Mostbank over the past month are almost unchanged. Of course, individuals are not only opening but also closing deposit accounts. But at no time has this process ceased. As for the slight increase in the outflow of funds, this tendency can be seen at the beginning of every summer and is usual just before the season of work and school vacations and trips to dachas.

The picture is roughly the same at Rossiyskiy Kredit. Tatyana Sorokina, chief of the customer service department, believes that "clients are reacting more to real economic changes than to political factors, especially hypothetical ones. True, in recent times the number of calls to the bank and questions connected with the elections has increased. But no specific trend can be observed in the depositors' behavior."

Moscow Savings Bank chiefs also assess the situation as calm. True, Valeriy Kuznetsov, first deputy manager of the Marinaya Roshch branch, notes that in the past month there has been some reduction in the inflow of funds, especially rubles. But this is also a normal summer trend for the Savings Bank. The indicators for hard-currency accounts remain stable: There are no fluctuations in either direction.

Provincial banks, according to available reports from the regions, are also working normally. The management of credit resources of the Kuzbassotsbank notes a calm mood among its clientele. This atmosphere on the eve of the election shows, in the opinion of bank president Nelli Morozenko, that Russia's banking system is now sufficiently developed and has become firmly entrenched, seeing that clients have confidence in it even on the eve of possibly major changes in the upper echelons of power.

The banks too are evincing confidence in their future. In May and early June a whole "wave" of new branch openings swept Moscow. Among those actively developing their branch networks are Mostbank, the Stolichnyy Savings Bank, Montazhspetsbank, Menatep, Rossiskiy Kredit, and the Moscow Savings Bank.

International Affairs

Ukraine: Kiev Denies TIMES' Claims of Violating Libyan Sanctions

LD1106085196 Moscow INTERFAX in English 0758 GMT 11 Jun 96

[FBIS Transcribed Text] KIEV, June 11 (Interfax-Ukraine) — An article in the WASHINGTON TIMES newspaper of June 10, which claimed Ukrainian-Libyan contacts violating the sanctions regime, contains "falsified information," Ukrainian Deputy Foreign Minister Kostyantyn Hryshchenko told Interfax-Ukraine Monday.

"The article's information on Ukrainian policy in nonproliferation has nothing to do with reality," he said.

The article claims that Ukraine is violating sanctions against Libya by keeping bilateral contacts and forming a special committee for relations with Libya under a presidential decree.

"Ukraine has a reliable system to control exports of materials and technologies which are limited by international sanctions," said Hryshchenko.

He said falsified facts could be used in the article in order to weaken "the positive effect caused by complete withdrawal of nuclear arms from Ukraine."

Circles close to the Ukrainian leadership linked the article with the striving of some forces to influence the U.S. Congress' discussion of economic aid to Ukraine.

Others think the article may aim to prevent Ukrainian participation in the tender on construction of a railroad in Libya.

Ukraine: Official on Relations With NATO, Poland; Neutral Status

WS1006144996 Lvov POST-POSTUP in Ukrainian 31 May-6 Jun 96 p 3

[Interview with Borys Tarasyuk, Ukrainian ambassador to Benelux countries and the Council of Europe, by Natalya Stelmashuk; place and date not given: "Borys Tarasyuk: Ukraine Cannot Be a Neutral State"]

[FBIS Translated Text] [Stelmashuk] Many people in the West concentrate their attention on Russia's reaction toward NATO's expansion, and not on the future of the North Atlantic Treaty Organization itself.

[Tarasyuk] When speaking about NATO's expansion, Russia's stance is the only issue which concerns West Europe, as well as Central-East Europe. The point is that Russia is the only state which categorically opposes the process of NATO's expansion, and the activities of its entire state apparatus are aimed at preventing this process.

Naturally, there are voices calling for the unification of the West: The alliance should be able to clearly give Russia to understand that if it undertakes any provocative actions against Ukraine or the Baltic states, the United States and West Europe will take a determined stance. Leszek Balcerowicz [leader of the Polish Freedom Union party] recently underlined that a strong and developed Ukraine is an indicative factor of European security.

[Stelmashuk] Publications on the importance of good-neighborly relations with Ukraine are very often found in the Polish press and on Polish television.

[Tarasyuk] I regard the fact that the Polish media pay a greater attention to the Ukrainian subject not as a fashion, but as a sign of objective realities. As a matter of fact, we can say the same about the Czech press, which also carries publications on the importance of Ukraine. Obviously, all this is not done just to say a few pleasant words to us, but to support their own national interests, which, according to the leaders of Central-East Europe, to a considerable degree depend on the direction of Ukraine's development. This is the issue of whether Ukraine will become another Belarus or a reliable partner of a joint, democratic Europe.

In both Poland and Ukraine, more and more politicians and public activists arrive at the conclusion that it is necessary to leave for historians the sad moments of our mutual past and concentrate attention on the present and the future. I am deeply convinced that Poland and Ukraine are able to play together such an important role in Central and East Europe as France and Germany played at a certain point in West Europe. These four countries are able to support peace and stability in the continent now and in the future.

[Stelmashuk] Quite often we hear about the idea of creating a belt of neutral states between West and Central Europe on one side, and Russia on the other side. Ukraine could be one of these neutral states.

[Tarasyuk] When I am asked nowadays whether it is appropriate for Ukraine to strive for a neutral status, my answer is: No. I do not think that countries such as Ukraine, which have this kind of potential and such a determining geostrategical location, should be neutral. The issue of neutrality is currently being discussed and is a topic of heated debates in the traditionally neutral countries. The same neutrality should be acknowledged by other states of the world community.

Adrian Karatynsky, president of the U.S. Freedom House human rights organization, has expressed the idea of granting Ukraine, as a neutral country, security assurances by the leading Western states. There are also other ideas, such as granting Ukraine the status of a NATO observer. Currently, this is quite a realistic possibility. To do so, it would be necessary to modify the agreement with NATO.

At this point, Ukraine's official stance is to initiate partner-like relations with NATO on the basis of an appropriate international agreement. At the moment, our Foreign Ministry, as well as the Ukrainian Embassy in Brussels, is working on this issue. So far, we have not met with adequate reaction on the part of our Western partners. Therefore, it is not the right time to talk about Ukraine's membership in NATO. Neither NATO itself nor the majority of the Ukrainian population are ready for such a move.

Ukraine: Opening of NATO Seminar on Emergency Civil Planning

LD1006182896 Moscow INTERFAX in English 1624 GMT 10 Jun 96

[FBIS Transcribed Text] Kiev, June 10 (Interfax - Ukraine) — NATO regional seminar on emergency civil planning and military-civil cooperation has opened in Kiev today.

This event involving representatives of 17 countries and a number of international organizations is being held for the first time outside the member-countries of the North Atlantic Alliance.

As "IF-U" was told by Lieutenant-General Serhiy Hrechaninov, head of the Ukrainian Civil Defence Headquarters, the main objective of the seminar is "to familiarize the participants in the seminar with the experience of NATO civil planning, and to work out general approaches to cooperation in the elimination of accidents and catastrophes in Europe".

He underlined that the point at issue is not the creation of a joint European system for the elimination of aftermaths of technogeneous and natural calamities, but "we should closely coordinate our efforts, and outline common standards and norms for interaction of different countries' civil defence units in emergency situations".

According to S. Hrechaninov, large-scale exercises will be held in Lviv in September 1996 within the framework of the cooperation program to practice joint actions in elimination of aftermaths of a situation, which can be modelled — an earthquake in the Carpathia, for example. The exercises, he says, will involve units from USA, Slovakia, Romania and other countries.

The Head of the Ukrainian Civil Defence Headquarters stressed that the Ukrainian civil defence forces intend to coordinate their actions with NATO in the prevention and elimination of aftermaths of accidents and disasters, in particular, with the purpose of establishing close business contacts with the NATO Chief emergency planning committee.

The seminar will wind up on June 14.

Ukraine: Pro-Russian Parties Increase Activity in Ukraine

LD1006191396 Moscow INTERFAX in English 1858 GMT 10 Jun 96

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] The presidential elections in Russia coincide with activization of activity of several "pro-Russian parties and movements" in Ukraine, believes head of the presidential department on internal policy Sergey Teleshun.

He said he spoke of the Party of Slavic Unity and Ukraine's Civil Congress, the organizations "which are experiencing not the best times." Both parties are collapsing into supporters of radical and moderate orientation. At the same time, "the ideas of pan-Slavism, restoration of the Union, changes of borders are alive in Ukraine and it is unreasonable to close eyes and not to take into consideration these facts," Teleshun said.

According to Teleshun, pan-Slavism and nostalgia for the USSR are "partially" peculiar for the population of the industrial regions of Ukraine's east and south and Crimea. Such ideas "are rather actively being cultivated now, from the outside as well," he said.

"It's not a secret that along with Russia's official circles developing a new policy with respect to Ukraine their opponents, communists, have developed an analogical program," Teleshun said. One of the items of this communist document concerns prospects of the Ukrainian-Russian relations, he said.

In addition, "the so called independent centers, including the center of Mr. Zatulin, are also developing Russia's strategy with respect to Ukraine," Teleshun said. To this effect he did not rule out "active contacts between Party of Slavic Unity and Ukraine's Civil congress" with representatives of the Russian political establishment (Konstantin Zatulin, Sergey Baburin and others) and possible financial aid to these Ukrainian parties from Russia.

According to Teleshun, one can see "definite ties" between the radical wing of the Party of Slavic Unity which advocates restoration of a single state and redrawing of borders by means of force, on the one hand, and Russian ultra-national movement Russian

National Unity headed by A. Barkashov and supporters of the Liberal Democratic Party of Russia headed by Zhirinovskiy, on the other hand.

Teleshun said that the ultra-right movements in Ukraine represented by UNA-UNSO organizations support the idea to create a singe pan-Slavic state with its center in Kiev. Several representatives of Russia's right-wing national-radicals favor cooperation with UNSO, he said.

"The pan-Slavic ideas may be used in different ways and may influence political situation in Ukraine," Teleshun said. There also exists a threat that "they may obtain appropriate force and shaken the situation by exploiting the idea of Ukrainian federalism," he said. To this effect Teleshun reminded the words of Russian politologist A. Migranian stating that "introduction of federalism will draw Ukraine in closer relations with Russia."

Speaking about the state of the communist movement in Ukraine Teleshun said that "communist have come up to a critical point because their electorate has exhausted itself." "The unsuccessful attempts of the autumn and spring assault testify to this fact," he said.

Being interested in expansion of their electorate communists "are actively working in a strike movement," Teleshun said. He assumed that "largely people dissatisfied with the existing social-political situation constitute the basis of those sympathizing with communists than those who adhere to this idea."

Teleshun sees the main mistake of the Ukrainian communists in the fact that "they have not developed a single concept minding the state's national interests."

Speaking about the presidential elections in Russia Teleshun said that Gennadiy Zyuganov's possible victory at the elections "will undoubtedly affect mutual relations between Ukrainian and Russian communists from the financial-moral and political points of view." He did not rule out that there exist "material relations" between the Russian and Ukrainian communist parties already now.

National Affairs

Ukraine: Kuchma Upbeat on Ukraine's Future

LD1006182396 Moscow INTERFAX in English
1624 GMT 10 Jun 96

[FBIS Transcribed Text] Kiev, June 10 (Interfax - Ukraine) — Ukraine is already past her hardest times, and "she is in for brighter days", Ukrainian President Leonid Kuchma said during his visit to the Ukraina palace.

At present renovation is underway in Ukraina palace. Leonid Kuchma said he is "optimistic about the future". "Everybody in his or her work place should set an example in action, rather than by word of mouth," the President said.

Mr. Kuchma spoke highly of the effort by Kiev construction workers to renovate the Ukraina palace.

"In any crucial situation, the country, if it is a true nation, should do its utmost to assert itself. And we assert ourselves by such a Palace," the President said.

The renovation effort is to be completed by August 1, the President has been told by deputy head of the Kiev administration Oleksandr Omelchenko. On August 24, Ukraine's Independence Day, the palace is to be the venue of a celebration gala concert.

The Ukraina palace has been chosen as the venue of the annual 1998 EBRD [European Bank for Reconstruction and Development] forum to be attended by more than four thousand delegates.

Ukraine: Moroz Says Constitutional Treaty No Longer in Force

LD1106110796 Kiev UNIAN in Ukrainian
1020 GMT 11 Jun 96

[FBIS Translated Excerpt] Kiev — Parliament needs to revise the validity of the Constitutional Treaty since "the parties to the treaty made no agreement to extend it," Ukrainian Supreme Council Chairman Oleksandr Moroz told a parliament session on 11 June. "The Constitutional Treaty between the president and the Supreme Council expired on 8 June, and there is every reason to consider the Ukrainian Constitution [of 1977] to be in force again," he said.

Deputy Volodymyr Moiseyenko pointed out that after the Constitutional Treaty's expiry, Prime Minister Pavlo Lazarenko could not nominate new cabinet members without the parliament's consent. [passage omitted]

Ukraine: Justice Minister Resigns Over Dispute With Prosecutor

LD1106053496 Moscow ITAR-TASS in English
0515 GMT 11 Jun 96

[By Mikhail Melnik]

[FBIS Transcribed Text] KIEV June 11 (Itar-Tass) — Five or six new ministers will be appointed to the Ukrainian government this week, a well-informed source in the administration of the Ukrainian president told Tass on Tuesday.

However, he gave only one name and said Justice minister Serhiy Holovatyy had already submitted a resignation request to the president.

Holovatyy is resigning because of his dispute with Prosecutor General Grigory Vorsinov over the inclusion of an article about prosecutors' control over law enforcement agencies into the new constitution. The minister believes this would contradict the norms of the Council of Europe.

The Prosecutor General, in his turn, says the Council of Europe does not object general prosecutors' control in those countries where it exists. Vorsinov was backed by the national legislature which approved the draft constitution under the first reading and included the provision into it.

Ukraine: Columnist Views Replacement of Premier

WS1006143796 Kiev ZERKALO NEDELI in Russian 1-7 Jun 96 pp 1, 4

[Article by Yuliya Mostovaya: "Three Mistakes by Three Politicians"]

[FBIS Translated Text] *"What does such a fellow think about? He thinks about his horses, about drinking a glass of vodka, and about hitting somebody's mug." Isaak Babel, "Odessa Stories."*

The last week of this spring, Ukraine entered a period when all the politicians without a single exception (I have in mind serious politicians who are capable of making some resolutions) abandoned their wish to think about horses or even vodka and clung to only one desire characteristic of that old drayman from Odessa. A period of bare, open, cynical, and uncompromising struggle for power has begun. This is testified not only by the dismissal of [Prime Minister] Marchuk, but also by the case of [former Kiev Mayor] Kosakivskyy, an attempt to oust [Supreme Council Chairman] Moroz, and impending personnel reshuffles in the government. Among the behavioral priorities, ceremonialism and populism are receding, giving way to pyrrhic victories. The authorities try to display force, supposing that the nation, which has been yearning for a firm hand, would like them. The game of jackstraw is over; at least, this is how we should understand all the recent actions taken by the head of state. The bang of a fist hitting the table has made the regional bosses cower and law enforcement bodies stand upright. It is their shoulders which will carry the main burden of work for improving the life of the population, bringing order, and instituting democracy in the masses. Major events are still ahead of us. However, these events have been activated today, and there have been a lot of mistakes which may spark an unforeseen explosion for the authorities. The mistakes were made not only by those wielding power, but also by those who temporarily gave it up. Let us discuss this particular topic.

The General of an Uncreated Army

"I wish everybody successful work and to live through all this." These were the words pronounced by ex-Premier Yevhen Marchuk on leaving the session hall of the presidential palace.

Many are interested: Did Yevhen Marchuk know about his oncoming dismissal? I think that he did and that this knowledge had dawned upon the ex-premier somewhere around 8 June 1995, the day when the president signed an edict on his nomination as prime minister. At that time, almost a year ago, the premiership of Yevhen Marchuk seemed so inevitable and natural as breathing. However, at the same time, Yevhen Kirylovych's [Marchuk] acceptance to assume this post was surely a mistake. It was clear even then that the president had appointed him with reluctance and that sooner or later the impulsive Leonid Kuchma would take a step similar to that of 27 May.

Obviously, the noneconomist Marchuk should not have accepted this appointment, particularly since he was to be a prime minister with incomparably smaller authority than his predecessors. The ex-premier was not allowed to form his team despite the fact that he had three to four candidates of his own for each ministerial chair. The destiny of Yevhen Marchuk as prime minister was enclosed in a droplet of ink. The president's hand, with a poised pen, became tired of waiting during those 353 days and — as soon as Marchuk expressed for the first time in ZERKALO NEDELI some dissatisfaction with the ungrounded criticism against him — the ink found itself on paper.

Obviously, Yevhen Marchuk, too, should be partly blamed for what took place. The blame is not in the fact that he incompetently coordinated the work of departments and ministries. (Undoubtedly, after incriminating so many economic sins, one needs not to dismiss, but shoot, and not only the prime minister, but the entire Cabinet of Ministers. As for the man who launched the course pursued by the government, let him live.) Yevhen Kirylovych hoped from the very beginning that he could come to an understanding with the president and, above all, with his team. The prime minister silently tackled the economy. However, in the much-talked-about interview to ZERKALO NEDELI, Yevhen Marchuk admitted that it was very difficult for him to work in the atmosphere of political cynicism and hypocrisy. He characterized this cynicism as follows: "This is when people deliberately promise one thing, think another, and do still another." Events that took place early this week are the best illustration of such a definition.

At the beginning, however, Yevhen Marchuk tried to be friendly with everybody. He certainly believed that the people working in the palace on Bankivska Street are able to live not only for the present day, but also for tomorrow. Therefore, Marchuk tended to avoid publicity and addressed the media with reluctance and only in case of need. Showing protocol meetings with the Japanese on UT-1 television or reporting about how he went out to the corridor to meet his adviser and hold a discussion with him was not Marchuk's style. Most likely, this was where the prime minister's fundamental mistake lay. Having come to public political life from a closed structure, he remained averse to publicity. However, in terms of image making, being the chairman of Ukraine's Security Service is quite different from being the prime minister. Obviously, it is still not too late to understand this.

The Russian newspaper KOMMERSANT-DAILY titled its comment on Marchuk's dismissal as "Kuchma Appointed Marchuk the Chief Oppositionist." It is hard to dispute our Russian colleagues' political intuition. Theoretically, they are right. It is another matter how all this will develop in practice. In actual fact, great possibilities and prospects have been opened to Yevhen Marchuk. If he wishes, he may make an alliance with Moroz, consolidate the centrists, and accept assistance from Russia, which will be afraid of having its fingers burnt on Leonid Danylovych [Kuchma] for the second time. Marchuk may play his own game, assuming the role of a politician who is capable of preserving the ideals of Western Ukraine and paying heedful attention to the opinion of Eastern Ukraine. Tomorrow everybody will forget that the Presidential Press Service accused Marchuk of disintegrating the domestic economy, causing undernourishment among the miners, killing the reforms, and being unable to come to an agreement with the Supreme Council.

The sympathy of the Ukrainian population has remained, to a considerable extent, with the ex-premier. Ukraine, like Mueller [Gestapo chief popularized in the former Soviet Union by the television series "Seventeen Moments in Spring"], prefers taciturn men because it knows that if a taciturn man is an enemy, then he is an enemy; and if he is a friend, then he is a friend for sure. Marchuk has a decisiveness about him, and this is what many fall short of today. He can start everything from an unwritten page. However, Yevhen Marchuk has not occupied himself with creating his political image in earnest.

But all of this is in the sphere of prospects and searches for possible options, one of which will surely by accepted by Marchuk. He will make it, as Moscow residents used to say, provided he can replace 80 percent of people in his own team, and ultimately, if he really wants to continue his career...

The Price of the Presidential Signature

"I am not going to ask who is 'for,' I am asking who is 'against'."

These were the words with which the Ukrainian president, after having pronounced charges against Yevhen Marchuk, addressed the flabbergasted government members. Marchuk turned away in order not to embarrass them. Everybody kept silent so as not to "get involved." Everybody? Three of them, who were told in advance, graphically described how incredibly difficult it was for them to work under circumstances of confrontation between the two top officials of the executive branch. The awareness of this difficulty was intensified by personal motives: Someone needed to pay for his new appointment, another did not want to be pensioned, still another was haunted by a frightful dream that the negotiations with the IMF would be continued not by him, but by another young man who, in addition, could speak English.

This was possibly the first time when Leonid Kuchma showed an enviable decisiveness in his presidential post. It must be admitted that everybody was shocked, everybody except the ministers forewarned by [National Security Council Chairman] Volodymyr Pavlovych Horbulin. With a stroke of a pen, the president dismissed "Yevhen Marchuk himself." Media from all over the world, observing professional ethics, reported the official reason for the dismissal. However, following this, the media put in "but", and the conclusion was that "the president tried to remove the most serious rival in future presidential elections." In principle, Leonid Danylovych has the possibility to familiarize himself with the conclusions of foreign "jackals of the pen" since the Foreign Ministry (which monitors the foreign media) prepared a review of this issue exclusively for the president.

Indeed, one can speak about political jealousy which gained the upper hand over political advisability; one can take into account Marchuk's directive on surveillance of the privatization of strategic facilities by Ukraine's Security Service; one can also be dissatisfied with his successful trip to Crimea.... But shoot me if I understand why the president dismissed Marchuk.

When focusing on strategy, [one can say that] the prime minister had to be dismissed, indeed. Any normal president behaves in this way, trying in advance to focus all negative emotions amassed in society on the prime minister, who can be sacrificed with a big benefit for the president and for the sake of greater social tranquility. However, on 27 May, Marchuk was still far from a man typifying the reason for all national misfortunes and plights. The muddled and not quite literate statement by the Presidential Press Service has fallen into oblivion, failing to leave a significant mark in the awareness of the Ukrainian population. Consequently, after about six months it will be necessary to sacrifice someone else.

Regarding the tactical aspect, everything can indeed be explained by the generally accepted opinion about removing a rival. But Marchuk was no rival to Leonid Kuchma! Well, many in this country wanted for this to be the case. However, beginning from the first day after his resignation from the post of Ukraine's Security Service chairman, Yevhen Kirylovych wrapped up in a cocoon which covered processes unknown to everybody. However, he has never tried to spread his wings. During his year of premiership, Marchuk did not take a single step toward the starting line; aside from winning a parliamentary seat, he did not make any step to deviate from the presidential course. This is why I cannot understand why such well-informed people as the president and the National Security Council secretary succumbed to the myth to such an extent! Moreover, they themselves furthered the spread of this myth for which Yevhen Kirylovych will surely thank them one day. At present, the ex-premier continues to stay in the same state and the dismissal has in no way hurt his cocoon and wings. Consequently, the president has not gotten rid of any opponent. I will repeat: Everything will depend on Marchuk and whether he wants to fly high or not.

As for the president, he has found himself in quite a difficult situation. Many concur in the opinion that the Dnepropetrovsk circle at the top of state authority has been closed. It seems that the president may now feel fully safe. Most likely, however, this is not so. The so-called Dnepropetrovsk clan is not alone. Like any other city, Dnepropetrovsk has decent people and not quite decent ones. Those Dnepropetrovsk representatives elevated to the Olympus of power include various people: [Cabinet of Ministers Minister] Pustovoytenko differs from [Prime Minister] Lazarenko, Tyhipko from [former Kuchma adviser] Vorsinov, and Horbulin from the president. However, sooner or later, their interests will exceed the framework of a determined quota, and then it would not be out of place to recall the title of one of [Ukrainian writer] Yaroslav Halan's pamphlets....

There is a rumor that Leonid Danylovych is a good whist player. So, he should know that it is always better to keep one strong card to the very end in order not to blow the game in the last round. He has not left any "foreigners" in his retinue whom he could use in the role of an "outlet" for a breath of fresh, non-Dnepropetrovsk air. Such a role could surely suit the aspiration of Ukraine's first president, Leonid Kravchuk, who has recently become extremely close to the second president. This, however, could take place in the event if Leonid Makarovych's [Kravchuk] sincerity was taken for granted. One definitely should not have a blind belief in his sincerity because Leonid Kravchuk — while sharing Leonid Kuchma's patriotic position and supporting his Western orientation — has hardly forgotten who cut down his presidential term. It is difficult to say whether Leonid Makarovych, by forcing Leonid Kuchma into action in the "storm and stress" style, does not want Leonid Danylovych to repeat his own destiny....

There are rumors that the only representative of the capital's elite in the presidential entourage, Dmytro Tabachnyk, will head the foreign Ministry by midsummer. This departure will close the Dnepropetrovsk circle completely. Will it be easy for the president to breathe in this circle? Many doubt this. At least, a majority is assured even now that President Leonid Kuchma (paradoxically, as it may seem), since the day of Marchuk's dismissal, has become hostage to his own team, which, like Yeltsin's, will not allow the president to give up power even if he is tired of it.

Ukraine Joined the "YeES"

In 1992, there were two real candidates for the post of prime minister vacated by Vitold Fokin — Pavel Lazarenko and Leonid Kuchma. This was when the name of the Dnepropetrovsk governor was first included into a pack of political cards shuffled on a national scale. Following this, every time as a replacement was made in the shaky chair of the Ukrainian prime minister, the name of Lazarenko persistently resurfaced. Pavel Ivanovych [Lazarenko] was in no hurry, though. He was looking closely at the situation and waiting. He was in no hurry to share the lot of all the preceding prime ministers. He knew the stability level of the prime minister's chair. He, like Caesar, preferred to be the top man in the province rather than an "outsider" in Rome. He was gathering strength (and not only strength). And he has gathered it.

Many think that Pavel Lazarenko is the true leader of the so-called Dnepropetrovsk clan. Possibly, he is in terms of the clan's financial and organizational aspect. As for its political aspect.... It is known that mistakes are not made only by those who do nothing. Pavel Ivanovych has done, is doing, and will do a great deal. Consequently, there have been mistakes. They are registered by few people, but these people include both Pavel Ivanovych's supporters and adversaries who are able to remind him of committed mistakes committed from time to time. Obviously, in this way they intend to hold the newly appointed prime minister in check, forgetting that one day his capital and a huge amount of connections based on formerly rendered services will make him invulnerable.

Pavel Lazarenko's appointment as first deputy prime minister in Marchuk's government was seen by many as a well-planned preparation for the replacement of prime minister. It is not ruled out that this was true. At the same time, however, one should do justice to Lazarenko: He behaved in a gentlemanly manner toward Marchuk, did not do "the real dirty" on him, and even quit the well-known extraordinary session of the Cabinet of Ministers held in the president's office. However, when Yevhen Marchuk was sitting idle for a year and trying his best to neutralize the confrontation with the president, Pavel Ivanovych strengthened his position, fostered and cherished "Privatbank," promoted a Ukrainian "Single Power Engineering System" [YeES], and through trustworthy firms, bought 12 oblast newspapers plus a television channel. And, most importantly, Pavel Ivanovych ensured the support of the incredibly faithful General Prosecutor.

Proceeding from all this, one may say that only now Leonid Danylovych realizes what "creating one's own political image" means. Very likely, even permanent references to "taking advantage of the president's wise decisions" will not help Pavel Ivanovych. Lazarenko adopts badly to playing second fiddle, and after some time the person playing first fiddle will decide that he does not like this very much. True, during this time the extremely resolute and steadfast Lazarenko may bring order into some spheres of life in the country. He will not be "messing about." The banks from which the new premier shook out, (like out of Pinocchio), 6 trillion karbovantsi, have realized from the very beginning that Pavel Ivanovych's hands are like claws. It is not ruled out that Pavel Ivanovych will be assisted by $1 billion from the West. There is information that the West, which supports Leonid Kuchma, is ready to earmark $1 billion for Ukraine to repay wage arrears prior to the [constitutional] referendum.

Simultaneously with the president's growing dissatisfaction with the new prime minister, with and without reason — which will be aired in faithful newspapers and state television channels — Pavel Ivanovych will also feel the growing resentment of the regions. Our oblasts have for a long time been used to living and working on their own. There is no doubt that Lazarenko will tread on the sore corns of many representatives of non-Dnepropetrovsk clans, and they will jointly — like shipworms — gnaw away the legs of Pavel Ivanovych's chair. The crash will be extraordinary. Pavel Ivanovych may avoid such a destiny either through a timely resignation or thanks to a constitutionally strengthened status for the prime minister, when his future will be determined by parliamentarians with whom Lazarenko can find an understanding better than anybody. Otherwise, facing a host of adversaries all over the country, the disfavor of Russia, and the jealousy of the president, Lazarenko will never be able to play first fiddle or even to remain playing second fiddle beside someone else.

Economic Issues

Ukraine: Lazarenko Urges 'Personnel Strengthening' in Agriculture

WS1106085796 Lvov INFOBANK in English
0733 GMT 11 Jun 96

[From the "News Service" feature]

[FBIS Transcribed Text] On June 10 the Presidium of Ukraine's Cabinet of Ministers determined that the Ministry of Agriculture and Food's work was inadequately carried out and it gave its approval to a proposal put forth by Prime Minister Pavlo Lazarenko that proposals be given to President Kuchma regarding "the personnel strengthening of leadership" in this ministry.

The presidium pointed out that the Ministry of Agriculture and Food had not carried out the 12 points of a Cabinet of Ministers' program even though 75 percent of enterprises in the agribusiness complex are subordinate to that ministry. Almost one-third of Ukraine's manufacturing funds are managed by the Agriculture Ministry. As a result of its unsatisfactory work every third stock- raising complex and every fourth poultry factory was unable to make a profit, while an unprofitable system remains within agriculture which cannot not guarantee competitiveness with foreign producers.

During discussions after a speech given by Agriculture Minister Pavlo Haydutskyy members of the presidium emphasized the fact that ministry's officials had not adequately controlled the use of budgetary loans. A large part of these funds were not returned to the state and were used by processing and trade enterprises as working capital by these enterprises.

It was also stated that the Agriculture Ministry's policies regarding the export of cattle for dumped prices caused the country to heavy large losses.

Ukraine: Cabinet Approves Foreign Investment Council

*WS1106081696 Kiev INTELNEWS in English
0122 GMT 11 Jun 96*

[Report by Halya Pavlyva]

[FBIS Transcribed Text] Kiev, June 10 — Foreign investors could have the Ukrainian government's ear by September with the first session of the Consultative Council for issues of Foreign Investment In Ukraine, approved by the Cabinet of Ministers.

Privatization and the developing securities market in Ukraine are scheduled to be the first topics addressed, specifically those question of top concern to foreign investors.

"This organization has been formed as a consultative body under the Cabinet of Ministers in order to examine Western investors' point of view on Ukraine," said Ihor Zahlada, director for economy of the State Investment and Credit Company. "The target of the Consultative Council is to elaborate proposals to the Ukrainian government aimed at securing favorable investment conditions and the development of Ukraine's economy. We (Consultative Council) are an instrument for the direct communication between the government and the investors."

Invited to the September session will be representatives of Pepsi Cola, Coca Cola Amatil, Western NIS Enterprises Fund, Ernst & Young, Citizens Network for Foreign Affairs, and the U.S. Overseas Private Investment Corp. However, Zahlada said that U.S., European and Asian companies will be invited equally.

The council will include more than 15 members, at least eight of which will be Ukrainian representatives, including the Economics Ministry, Foreign Ministry, Foreign Trade Ministry, Finance Ministry, State Property Fund and the Ukrainian State Investment and Credit Company.

"The interests of both internal and foreign investors to the Ukrainian economy coincide. Both sides are interested in simplifying the tax system and bringing the accounting system to international standards," said Natalka Yaresko, director of the Western NIS Enterprises Fund's representative office in Ukraine. Formation of the council was cued by such councils in other Central and Eastern European countries. In Russia, according to Zahlada, such council "has been efficiently working" for about three years. Creation of the consultative council was ordered by President Leonid Kuchma Jan. 27. The council will be headed by the Prime Minister, while preparations for the September session are the responsibility of Deputy Prime Minister for Economy Roman Shpek, according to the decree.

Ukraine: Government To Take Expenditures, Revenue Under Control

*LD1006172396 Moscow INTERFAX in English
1643 GMT 10 Jun 96*

[FBIS Transcribed Text] KIEV, June 10 (Interfax-Ukraine) — The Ukrainian government is set to solve the issues of budget revenues and their proper use in the near future, Ukrainian Prime Minister Pavel Lazarenko said Monday.

Speaking at the opening of the Agro-96 exhibition in the Kiev region, Lazarenko said it was the main instruction Ukrainian President Leonid Kuchma had given him when appointing him as prime minister.

At the same time, he noted such problems were hard to solve ultimately. The government will take under control all budget revenues and expenditures, he warned.

Lazarenko admitted that the situation surrounding back wages and pensions was "extremely complicated." He backed attracting more investments in the Ukrainian economy, particularly in agriculture.

"We pin many hopes on the adoption of the constitution in the first reading, which lays down the basics of land ownership,"

Lazarenko said. "This will help attract investments not just in word, but in deed."

Ukraine: Economist Urges Use of Economic Incentives

*AU1006122396 Kiev HOLOS UKRAYINY
in Ukrainian 5 Jun 96 p 11*

[Article by Professor Volodymyr Chernyak, doctor of economic sciences: "Objectives and Methods of the Economic Policy in Ukraine"]

[FBIS Translated Text] The economic policy envisages the following: 1) determination of its objectives; 2) determination of the ways to achieve those objectives; and 3) the technology of implementing reforms.

The objectives of the economic policy should not be made up or fabricated. They are in fact preconditioned by the economic situation, and must reflect it.

Proceeding from the situation that has taken shape in Ukraine's economy, the following goals of the economic policy may be specified.

1. The main objective of the economic policy is to arrest the decline in production and create conditions for an increase in the gross domestic product (GDP). The notion

"stabilization" does not only imply monetary-financial stabilization, but also a stabilization of production. If the slump in production continues, the financial stabilization will be unstable and chimerical.

The objective situation makes it necessary to put the problem of economic growth at the center of the economic policy. By the beginning of 1996, Ukraine's GDP was 43.5 percent of that in 1990. Over recent five years, Ukraine's GDP has decreased by almost two and a half times, and industrial production by two-thirds. In 1995 the GDP decreased by 11.8 percent, and industrial production by 16 percent. The decline in production is general and not structural in its nature. Over 1995, almost three-fourths of the total number of Ukraine's industrial enterprises reduced their production volume. The greatest reduction could be seen in enterprises of light industry, with 36 percent; in building materials manufacture, with 26.2 percent, and in machine building with 25.9 percent. In the first quarter of 1996 GDP decreased by 10.7 percent, and the volume of industrial production by 3.6 percent as compared with the relevant period of 1995. The greatest decline was in construction (by 51 percent), freight transport, and communications that provide services to the sphere of material production (by 31.4 percent).

Particularly alarming is the circumstance that the decline in production proceeds against a background of shrinking investment activity. To make the picture full, it must be added that the decline in production proceeds alongside overstocking (this is due to the inhibited effective demand of both the population and enterprises). Unfavorable structural changes are under way in industrial production: In 1995, the production of power engineering, oil and gas, coal, and ferrous metallurgy industries constituted 53.4 percent of the total volume of industrial production (in 1990, the figure was 38.2 percent). This means that Ukraine's economy is oriented toward the production of intermediate products.

The above data concern the official economy. Alongside the official economy, there also exists the "shadow" economy, which constitutes 50 percent of the official one. Hence the task of creating favorable conditions for the "shadow" economy overflowing into the official one, as this will make it possible, in particular, to expand the sphere of taxation and increase receipts to the state budget. The "shade" economy and the size of the state apparatus are presently on the rise in Ukraine.

The stabilization of production and its growth are associated with reform in the taxation and credit policy in the direction of creating a favorable investment climate, boosting production, developing and implementing state investment programs, and carrying out privatization, which creates incentives for investment and produces favorable conditions for an intensification of the labor, business, and management activity. A struggle is in progress in Ukraine for redividing the GDP among the state, enterprises, businessmen, trade unions, and the population, and not for its growth. If the decline in production continues for longer than three years, then the material and technological foundation of production will fall apart.

2. The creation of an import-replacement economy and upgrading the level of Ukraine's economic self-sufficiency. This goal of the economic policy is also objectively justified. The coefficient of Ukraine's dependence upon imports is 41 percent (by way of comparison, it is 9.5 percent in the United States and 14.5 percent in Japan). Mineral fuel, oil, petroleum products, and gas account for 56 percent in the structure of imports. On Ukraine's domestic market, 66 percent of demand is satisfied with imported goods, especially foodstuffs. A considerable part of imports are supplied through unregistered ("shuttle") commerce.

Ukraine is, in fact, losing its domestic market. In this connection, it is necessary to protect our commodity producers and consumers. Hence the need, on the one hand, to devise certain protectionist measures, based upon an appropriate policy with regard to customs, tariffs, taxation, export and import and, on the other hand, to boost our own production. This certainly involves the need to improve the structure and raise the level of efficiency of domestic consumption, in particular with the help of optimizing expenditure at factories, something without which the bacchanalia of the cost-intensive economy cannot be stopped.

3. The creation of an economy oriented toward exports, and on its basis the reduction of the external debt. In 1995, Ukraine exported goods worth $14.5 billion and imported goods worth up to $15.7 billion; the negative trade balance amounted to $1.2 billion (it was $1.8 billion in 1994). By the beginning of 1996, Ukraine's external debt was $8.5 billion, of which 39 percent was the debt to Russia and 26 percent that to international financial organizations ($1 billion to the IMF and $500 million to the World Bank). The negative trade balance in the first quarter of 1996 was $102.8 million.

The problem is that the servicing of the debt is becoming more expensive. In 1996, Ukraine has to pay the external debt of 276 trillion karbovantsi [K], which constitutes $1.2 billion, or 3.7 percent of the planned GDP (45 percent of which is the payment of interest).

Critical imports, primarily of energy sources, are a burning problem in Ukraine. To be able to buy one needs to sell, and for that it is necessary to implement a complex of measures to structuralize and specialize Ukraine's export potential, increase it further, and provide incentives for export. Ukraine must find its niche in the European and world division of labor. In the first quarter of 1996, the structure of our export was as follows: Almost one-third belongs to ferrous metals and related articles, more than 15 percent to chemical products, and 10 percent to foodstuffs. These data show that Ukraine's exports are mainly raw materials.

4. Improvement of the financial situation in the economy and achievement of financial stabilization. This objective of the economic policy has two aspects: A decrease in the budget deficit and improvement of the financial situation of enterprises. Financial stabilization should not be visualized at the level of macroeconomics — it also involves microeconomics as a root system of the economy. The situation requires shifting the accent in the economic policy to the microeconomy, to the level of enterprises, but at the same time favorable macroeconomic conditions must also be created (reform of the taxation and credit policy, monetary reform, further reduction in the inflation level, and legislative stability).

In 1995, the state budget deficit was 7.9 percent of the GDP (instead of the planned 7.3 percent). The state budget deficit in 1996 is expected to be K464.7 trillion (6.2 percent of the GDP). Almost 40 percent of the budget deficit must be covered from external sources (mainly the IMF). Internal sources of financing are these: issuing public bonds and Ukraine's National Bank's credits.

In the first quarter of 1996 there was a certain surplus in the level of budget deficit above that planned, and also excessive crediting of the government by the National Bank. This was due to several factors: the failure to collect a large portion of taxes, nonreceipt of the expected volumes of external financing, and a relatively high level of inflation (especially in January and February), which makes the use of bonds ineffective. In 1995 the budget deficit amounting to K400 trillion was covered in the following way: K294 trillion by National Bank credits, K80 trillion by foreign credits, and K31 trillion by issuing internal bonds. In the first quarter of 1996 the composite budget deficit was K114.7 trillion (7.2 percent of GDP). A total of K109.8 trillion in credits will be required from the National Bank to cover the budget deficit and some other types of expenditure.

Particularly alarming is the difficult financial situation of enterprises: One in every three enterprises is unprofitable, and the crisis of nonpayments intensifies (the mutual indebtedness of Ukrainian enterprises has reached 40 percent of the GDP). All of this demands urgent and efficient measures, including reorganization [sanatsiya] of enterprises [which may involve dismissal of workers]. It is time to proceed from cost-intensive to purpose-oriented financing. It is necessary to take into account the circumstance that, not infrequently, directors of enterprises create situations of artificial bankruptcy to be able to buy the enterprise at a very low price. Besides, a situation of an artificially created payments crisis may be created when profits and debts of the enterprise increase in parallel.

Unless reforms are implemented, the huge foreign credits will not have any positive effect upon the Ukrainian economy.

5. A further decrease in the level of inflation. This is the goal and the method of the economic policy at the same time, but for us it is still largely a goal. Over 1995, consumer prices rose by 9 percent on a monthly basis compared with 14.4 percent in 1994 (in 1993 47.1 percent, and in 1992 33.5 percent). Hyperinflation was checked, but the level of inflation still remains rather high: In January 1996 it amounted to 9.4 percent, in February to 7.4 percent, in March to 3 percent, and in April to 2.4 percent. One should not harbor illusions that we have a low level of inflation. In Israel, when the inflation level was just 11 percent, this caused so much excitement that representatives of the government, trade unions, and entrepreneurs got together, concluded an agreement, worked out a well-coordinated plan for actions, and strictly adhered to the agreement.

Intimately associated with the level of inflation is the National Bank's rate — its reduction opens up an access to credits. The use of instruments of the crediting policy is associated with changing the rate of refinancing and with creating a market of credits. The problem is how to attract appreciable credit resources, such as the K330 trillion in circulation outside the bank sphere and $8 billion in the hands of the population.

A further decline in the inflation level is only possible on the basis of combining monetarist and nonmonetarist methods for restraining it, with an emphasis upon the latter. Monetarist methods may produce a quick, but unstable effect. I am not saying that monetarist methods must be given up, but that one should not rely upon them alone. Nonmonetarist methods for curbing inflation include the creation of incentives for producers with the help of an appropriate taxation and credits policy, reorganization and restructuring of production, creation of favorable conditions for intensifying labor, business, and management activity, privatization, reform of the monetary, banking, and budgetary systems, and the investment and structural policy.

6. Resolution of the unemployment problem. According to official data, unemployment has affected 0.6 per-

cent of the manpower, but this estimate does not correspond to reality. It only applies to those unemployed people who have had themselves registered. The true unemployment amounts to between 5 million and 7 million jobs, or between 30 and 35 percent of the working force. A radical way of combating unemployment is to create favorable conditions for the development of entrepreneurship and its encouragement, and to boost entrepreneurship. If large enterprises halt their production, the way out is to create new business structures and to development small and medium businesses. Privatization and the creation of a system for postprivatization support for enterprises are expected to play a major role here.

We are now faced with the need to legally admit the enormous hidden unemployment, and create a fundamentally new structure of population employment. The activity of regional local bodies of power must be assessed primarily in terms of the number of new jobs created on their territory and in terms of the size of investments that have been attracted there.

7. Improvement of the population's standard of living. This can only be done through putting an end to the decline in production and creating favorable conditions for economic growth. Prices of all commodities have been liberalized in our country, with the exception of such a commodity as "manpower." The notion "liberalization" has many aspects — it includes liberalization of the taxation and credit policy, the policy with regard to wages, the domestic and external economic activity and, finally, the pricing policy. The need to reform the policy with regard to wages in the direction of strengthening its incentive role has become only too obvious.

By the end of 1995, the average wages in Ukraine amounted to $67 a month (67 percent of the real wages in Russia). The average wages in March 1996 amounted to K12,933. The low purchasing power of the average wage is testified to by the fact that the consumer basket (the cost of a set of 22 staple foodstuffs) was K5,506 (this is a physiological survival minimum).

The delay in the payment of wages has become the state's budgetary policy. The debt to the workers in the budgetary sphere has reached K170 trillion. Such a method for reducing state expenditure as delaying the payment of wages is at the basis of financial stabilization. However, this stifles the demand and consequently leads to a further decline in production. We are cheating both the IMF and ourselves.

Due to the low level of income, the share of self-consumption [samospozhyvannya] in the ultimate consumption grows: It amounted to 43 percent in 1995. This explains the circumstance why, notwithstanding such lows incomes, one does not see dead bodies scattered on our streets. Of course, one needs to take into account the enormous scale of the "shadow" economy owing to which the population manages to survive.

Under the conditions of the mass impoverishment of the population, the idea of purpose-oriented support, in particular through housing subsidies, does not work. Purpose-oriented support can only be implemented in a country where the poor account for between 5 and 10 percent of the population.

Changes must be introduced into methods for their achievement to ensure that the objectives of the economic policy are attained. In which directions? First, it is necessary to shift the accent in the economic policy from restricting and inhibiting measures to encouraging them; second, a turn must be made toward institutionalism, and monetarism, liberalism, and institutionalism must be combined. The economic crisis may be overcome solely on the principle of overcoming the crisis in the model of reform.

Ukraine: Expert Criticizes Current Taxation System

WS1106085196 Odessa ODESSKIYE IZVESTIYA in Russian 24 May 96 p 2

["Exclusive" interview with Oleh Soskin, deputy director of the Ukrainian Academy of Sciences Institute of World Economy and International Relations, by Nina Krasnova; place and date not given: "A Race With Weights"]

[FBIS Translated Text] **Continuing to cover the issue of taxes, we would like to draw your attention to an interview with Oleh Ihorevych Soskin, deputy director of the Ukrainian Academy of Sciences Institute of World Economy and International Relations, by our correspondent Nina Krasnova.**

Oleh Soskin in one of the leading economists of the young generation. He was born in 1954. In 1980 he graduated from the Kiev University Economic Department. In 1984 he defended his candidate of science's thesis and began teaching at the Kiev University. He worked as an economic consultant to [former] Ukrainian President Leonid Kravchuk and later as an adviser for macroeconomic issues to the Ukrainian prime minister. Since 1995 he has been the deputy director of the Institute of World Economy and International Relations.

[Krasnova] Oleh Ihorovych, how do you assess the current taxation system in Ukraine?

[Soskin] Our taxation system is simply unjust, inhumane, and murderous, because it is aimed at confiscating not only the surplus product, but also the essential product [neobkhodimyy produkt]. Taxes are a necessary evil which everybody accepts in order to not suffer from an even worse evil. However, the taxation policy in Ukraine does not make it possible to work for people who create wealth. Let us not forget that a similar system was developed under Stalin: During five years (from 1927 to 1932), Ukraine was transformed from a flourishing, economically developed country into a refuge of cannibalism. History is repeating itself. The following quite reasonable question currently arises: How long will people tolerate this? This question can be addressed with regard to the 1930's: Why did the people tolerate this and allow a bunch of bandits in power to do such things to them? We currently have over 30 taxes. If we pay so many taxes and so much of our labor is confiscated, then what do we receive in exchange? In the 1930's, our ancestors received death. We are also receiving death: Every year the Ukrainian population decreases by 400,000 people. A hidden genocide of Ukraine is currently underway.

[Krasnova] Can one say that our taxation system is based on the U.S. one?

[Soskin] In a healthy society, an individual who creates wealth should give the state a portion of this wealth, and the state is obliged to conduct certain social programs. In the United States, although people pay 35 percent of their profits, a whole number of social programs are conducted at the same time. In our country, around 80 percent of profit is confiscated, but we do not receive anything in exchange. In the United States, the minimum annual income of a family is no less than $20,000, and in our country — $200. So what kind of a U.S. system are we talking about? Furthermore, having paid for social programs which are actually not implemented, we should pay for them twice or three times from our pockets [sentence as published].

[Krasnova] What can you say about the current key taxes in Ukraine?

[Soskin] Currently, the VAT is one of the most terrible taxes. In economically developed countries the VAT is collected to reduce consumption. But there is no consumption in our country! Moreover, it is collected at the last stage, during which the finished product is sold, while in our country is it collected as a tax on sales. As it is, there is actually no VAT in our country! Instead, there is a tax on sales at each stage of production. It actually distorts the entire process of production because it increases the price of a product by 20 percent at each stage of processing the product. After all, even if one sells a product with a loss, the VAT is collected according to the average profit anyway. Is this tax beneficial for the state? It makes it possible to produce "cheap" money. However, it makes our population insolvent and our goods uncompetitive, and it is very hard to take it into account: Everybody is looking for methods of avoiding it. This tax is inefficient and if it is maintained, the economy will be ruined. When I am told that the VAT is applied in 130 countries, I say: "No problem!" However, let us term it correctly! As it is, in our country this tax is as high as in Sicily, and everywhere else it does not exceed 10-15 percent. People say the following: "Let us defend our producers." Defend them! Abolish the VAT, and you will thus defend them. It is as if one hanged six-pound weights on an individual and said: "Run! Why is he not running? We must defend him!" You do not have to defend him: Take away the weights, and he will run!

[Krasnova] Oleh Ihorovych, in your opinion, was it advisable to introduce an excise tax on imports?

[Soskin] Excise taxes should be imposed only on goods which are the state's monopoly, such as tobacco products and liquor. There should be no other excise taxes. But our wonderful reformers used up all possibilities to level new taxes and suddenly recalled excise taxes and customs duties. However, such idiocy as introducing excise taxes as regular taxes does not exist in any other country! In developing countries there is a 25-percent tax on luxury imports. The same could be done in our country as well, but we should come to terms with regard to what a luxury is. Payments to the state coffers for sales of tobacco products and liquor have currently completely stopped because they are being imported illegally. The introduction of excise taxes will lead to a situation in which only large supermarkets will be able to operate and all small firms will be being ruined, and will escape to the shadow economy. But this means criminalization!

[Krasnova] Is there any way out of the current economic situation?

[Soskin] All taxes and duties should be abolished for three months, a tax "holiday" should be proclaimed, and all tax inspectors and police should be fired. Why do we need this? This is not an economic, but a purely psychological measure. After all, it is no secret that the "black money" circulating in Ukraine amounts to at least $10 billion. We must make this money "come to the surface." Why does the state believe that it has the right to ask everybody where they obtained their money? People can only be sure of Judgment Day, when everybody will answer for their money. Therefore, one should not look into anyone's pocket or chase anybody. One should create equal conditions for everybody to earn money, make money equally accessible for everybody, and supervise how the equal rules of the game are observed. After the three month holiday, only a 5 or 7-percent tax on purchases for legal persons and a 15-percent income tax for physical persons should be introduced. Then we will not need tax inspectors.

[Krasnova] Oleh Ihorovych, thank you for the interview.

Belarus

Belarus: Supreme Soviet Commission Head Supports Nuclear-Free Zone

WS1106085096 Minsk ZVYAZDA in Belarusian 8 Jun 96 p 2

[Interview with Pyotr Krawchanka, chairman of the Belarusian Supreme Soviet Commission for International Affairs, by Yuras Lyashkevich: "Pyotr Krawchanka: 'To Prevent the Possible Deployment of Nuclear Forces From East and West'"]

[FBIS Translated Text] **"The Social Democratic Union," assisted by the Belarusian Supreme Soviet "Labor Union" faction, have come up with an appeal to create a nuclear-free zone in Central Europe. Pyotr Krawchanka, chairman of the Belarusian Supreme Soviet Commission for International Affairs and member of the "Labor Union" faction, read the appeal on 7 June during the discussion of miscellaneous issues at the Supreme Soviet session. At ZVYAZDA's request, Pyotr Krawchanka spoke about the concept in greater detail.**

[Krawchanka] In essence, this is a return to the old plan of creating a nuclear-free belt in Central Europe. I expressed this intention for the first time in September 1990, when I was head of the Belarusian delegation to the 45th UN General Assembly session. On the basis of the Declaration on State Sovereignty of the Republic of Belarus, I tried to specify the idea of transforming Belarus into a nuclear-free neutral state. It should be admitted that this idea was quite utopian back in 1990, although we tried in good faith to implement it. After the declaration was granted the status of a constitutional law, great prospects opened for us. Back in those days I held negotiations with the foreign ministers of Scandinavian states who supported our idea. However, other neighboring states (Poland and the Baltics) did not maintain an active dialogue. The plan gradually lost its urgency, particularly since Russian military bases and nuclear facilities emerged on our territory.

[Lyashkevich] Why was the plan revived?

[Krawchanka] I learned from confidential sources that during the Moscow summit of 19-20 April which addressed the issue of nuclear security, the idea reemerged, quite unexpectedly. The G-7 states and Russia began to say unofficially that there should be some kind of nuclear-free zone between the nuclear missiles of Russia on the one hand, and those of the United States and West Europe on the other hand. Under these circumstances, I decided to revive the idea in my faction. The initiative met with a very positive reaction both in the faction and the Supreme Soviet, in general. Without delay, I wrote an appeal to the peoples and parliaments of Europe: The appeal was discussed and supported at a session of the Belarusian Supreme Soviet International Affairs Commission. We are going to expeditiously include the discussion of the appeal in the agenda and try to approve it. The text of the appeal will then be presented to the Belarusian president, the Foreign Ministry, and the government. Second, we are going to send the appeal to international organizations: NATO, the Western European Union, the EU, the Council of Europe, the United Nations, the Organization for Security and Cooperation in Europe, the CIS, and other bodies involved in security issues. Third, the appeal will be sent to the parliaments of Russia, the United States, France, Great Britain, China, Poland, Latvia, Lithuania, Estonia, Ukraine, as well as the Czech Republic, Slovakia, Romania, Hungary, Bulgaria and other interested European countries.

Regardless of the reaction to our proposal, we will promote our initiative and will try to prevent possible deployment of nuclear military units both in West and East Europe. In addition, we will thus try to implement Section 18 of the Belarusian Constitution which stipulates that Belarus aims to make its territory a nuclear-free zone and to acquire the status of a neutral state.

[Lyashkevich] However, at present (so far theoretically), there is a concept envisioning the deployment of Russian nuclear missiles on Belarusian territory in the event Poland, Lithuania, Latvia, and Estonia join NATO. Therefore, it is surprising to hear that Russia supports a nuclear-free belt.

[Krawchanka] I disagree with you. On the contrary, on 4 June Colonel General Yesin, chief of the Russian Strategic Forces Staff, stated that Russia is greatly interested in the withdrawal of its 18 last strategic missiles from Belarusian territory by the end of 1996. Therefore, on Russia's side, I do not see any attempts to keep its missiles in Belarus; I see attempts to withdraw those missiles within the envisioned timeframe. Russia, as well as Belarus, cannot disregard international agreements, including the START Treaty. Nobody is going to put up with Russia keeping its missiles in Belarus. In addition, I believe that NATO, too, will apply a well-weighed approach toward the possibility of deploying nuclear weapons on the territories of East European states given that this would be a very risky move. Nevertheless, we considered it necessary to undertake certain preventive measures which will flourish among all people of goodwill and will plant in the collective mentality the idea of crating a nuclear-free zone in the center of Europe.

[Lyashkevich] Probably, this step is also aimed at alleviating the administration's statements about the possibility of keeping nuclear arms in Belarus.

[Krawchanka] We do not understand the passive stance of the official administration, in particular the Foreign Ministry. We stand guard over the Constitution. In the current complex conditions, we would like to give an impetus to this process and to ask the executive power to step up its activities toward creating a nuclear-free zone.

Belarus: Sharetski Comments on 4 Jun Address to Parliament

WS1106081796 Minsk NARODNAYA GAZETA in Russian 8-10 Jun 96 p 3

[Interview with Supreme Soviet Chairman Syamyon Sharetski by unidentified Belarusian Television correspondent; place and date not given: "Syamyon Sharetski: 'My Address Was Challenged by the Existing Economic and Political Situation'"]

[FBIS Translated Text] **The address of the Belarusian Supreme Soviet chairman at the plenary session on 4 June has been perceived ambiguously. Assessments of and opinions about the address in various social strata have been very polar. In connection with this, the head of the legislative branch appeared on Belarusian Television. Since NARODNAYA GAZETA made its readers familiar with the full and unexpurgated text of Syamyon Sharetski's address, today — practically without abridgements — we publish his interview with a correspondent of the National State Radio and Television Company, whose text was submitted to us by the Supreme Soviet Press Service.**

[Correspondent] Syamyon Heorhiyevich, your parliamentary address on 4 June was perceived by many as the beginning of an impeachment of the president. What is your comment?

[Sharetski] One definitely should not perceive my address in this way. In connection with the fact that is was perceived in this way, I once again want to emphasize its basic purpose: The address was intended to unite all the power branches, not to split them, as some ill-wishers would like.

The point is that the Republic's situation — both political and economic — is becoming worse and worse every day. Therefore, it was necessary to give people some explanation that could unite not only all the power branches, but also political parties and social movements for the purpose of resolving a major task: finding a way out of the current difficult situation. My address was basically aimed at this.

There have also been opinions that this address should not be made in the president's absence. I would like to explain this point. The president is never absent. Wherever he stays, he — I assure you — is always with his state and knows about matters of all the power branches on a daily basis. While addressing the deputies, I was aware of this.

The situation, however, developed in such a way that it was simply impossible to delay such an address. I addressed the president, the government, political parties, scientists, and so on. By the same token, I emphasized that with my speech I aimed not at a split, not at a polarization of society, let alone of the power branches, but at consolidation.

[Correspondent] Your address, however, includes a very interesting passage. You said that the Supreme Soviet takes upon itself the right of a legislative initiative for developing ways to solve the economic crisis. Do you not think that this is the Supreme Soviet's basic task?

[Sharetski] It is written in our Constitution that the Supreme Soviet determines the main directions of the domestic and foreign policy of the state. I said that the Supreme Soviet is ready to fulfill this basic task. The point, however, is in the fact that we have the head of state and the government, and it would be more correct, more rational — as I noted — if this task of unifying all forces was headed by the president. As for the Supreme Soviet, we could consider this issue and adopt an appropriate resolution.

[Correspondent] Anyway, was it impossible to reschedule your address for a time when the president could be present at the session?

[Sharetski] As I said in my address, after his return the president will receive a proposal (incidentally, this is stipulated by the Constitution) to address the Supreme Soviet session with a report on the situation in the state.

I repeat: We know that the situation is becoming more and more tense every day, and it was impossible to delay this address.

Belarus: Sharetski Says Speech Not Aimed at Impeaching President

WS1006140696 Minsk BELAPAN in English 1325 GMT 10 Jun 96

[FBIS Transcribed Text] Minsk, 10 June — The press office of the Supreme Soviet has released information about an interview which was given by Supreme Soviet Chairman Syamyon Sharetski to a correspondent of the State Radio and Television Company after his speech made during the June 6 plenary sitting of Parliament about the political and economic situation in the country.

Mr Sharetski said that his speech should by no means be regarded as a step so that the President will be impeached. "I want to emphasize again its main objective. The speech was aimed at the consolidation of all branches of power, not a cleavage as some ill-wishers would like it to be," Mr Sharetski said. He stressed that the political and economic situation in the country is becoming worse and worse, that is why he had no right to postpone his speech at the parliamentary session. When the President returns to Belarus he will be invited to make a report on the situation in the country at the parliamentary session, Mr Sharetski said.

As for the lifting of the economy out of the crisis, the Supreme Soviet Chairman said that Parliament is ready to undertake this task. However "we have the Chief of the State and Government, and it would be more correct and more effective if this task and work on the consolidation of all forces were headed by the President," the parliamentary speaker added.

Belarus: Interior Minister Orders Additional Special Forces to Minsk

LD0706192096 Moscow INFORMATSIONNOYE AGENTSTVO EKHO MOSKVY in Russian 1710 GMT 7 Jun 96

[FBIS Translated Text] Additional OMON [special purpose militia detachment] and special purpose [Interior troop] forces are being brought into Minsk on the orders of the minister of internal affairs of Belarus, an Ekho Moskvy correspondent has reported.

An extra 30 OMON men have arrived from Baranavichy [Brest Region]. The militia commander explained to the men under them that they were being redeployed because things are very unsettled in Minsk. OMON detachments from Brest, Pinsk, and other towns are being made ready to be dispatched to the capital of Belarus.

At the same time, the Belarusian People's Front has put forward an initiative to hold a mass action on 22 June called "The People against Fascism." The first meeting of the organizational committee was held and it was decided to apply to the city executive committee to hold the anti-fascist action.

Belarus: Trade Unions To Stage Ongoing Supreme Soviet Picket

WS1006090196 Minsk BELAPAN in English 0655 GMT 10 Jun 96

[FBIS Transcribed Text] Minsk, 7 June — The Minsk City Executive Committee has allowed the national Trade Union of Radioelectronic Industry Workers to picket the Supreme Soviet with the demand to attach the status of the first and foremost payment to wages. Picketing will be held daily from 9.00 to 10.00 a.m. during 10 days (from 10 to 20 June). The Minsk authorities have ruled that no more than 25 people should participate in the picketing, though the Trade Union planned 100 people. The picket has been allowed to be placed only near the catholic cathedral on Independence Square, not near the House of Government.

Belarus: Two Newspapers Suspended From Publication

LD1006133396 Moscow INTERFAX in English 1305 GMT 10 Jun 96

[FBIS Transcribed Text] MINSK, June 10 (Interfax-West) — The Belarusian Press Committee on Monday suspended the licenses for the publication of the Belorusskaya delovaya gazeta (Belarusian Business Newspaper) and Beresteisky kray, Viktor Guretskiy, head of the committee registration and licensing department, told Interfax.

The committee has repeatedly warned these publications that they are transgressing against press legislation.

The former newspaper has been warned on five occasions since it was launched in 1992. In particular, an article about special interior, security and president's guard units disclosed state secrets, Guretskiy said.

The committee decision should not be viewed as a ban. The suspension of the license holds only for the period of check which will be done by committee experts, he explained.

Petr Martsev, the newspaper publisher, described the committee action as illegal.

"Only a court can suspend a license," he said. Martsev complained that the editorial board had not received warnings of alleged offenses until several days after the committee suspended the newspaper.

Belarus: Bill To Oblige Media To Publish Official Statements

WS1006140796 Minsk BELAPAN in English 1325 GMT 10 Jun 96

[FBIS Transcribed Text] Minsk, 10 June — On June 7 the Belarusian parliament gave the first reading to a bill drafted by MP Ivan Tsyareshka on the introduction of amendments into the Law on the Press and Other Media. The bill obliges the national state audio and visual media to cover appeals and statements by the President, the Parliamentary Speaker, the Supreme Soviet and the Cabinet of Ministers, as well as the ceremony of the President's assuming office, the opening ceremonies of the first plenary sessions of Parliament and the Cabinet in full scale and without fail no later than 24 hours after the event. The print media should also carry the aforesaid appeals and statements, as well as the President's reports addressed to the Supreme Soviet about the situation in the country, information about the domestic and foreign policies, about the activities of the Cabinet of Ministers and the Constitutional Court's messages in their next editions. The state audio and visual media is to broadcast addresses by the Chief of State, the Parliamentary Speaker and the Prime Minister. The duration of such broadcasts is not to be limited. National radio and television are to give no more than 45 minutes of broadcast time at least once a month to representatives of parliamentary factions for debates. The participation of a journalist is obligatory. The bill is to come into force on the day of publishing.

Belarus: Belarusian Activists Appeal to Ukraine for Support

AU1006141096 Kiev HOLOS UKRAYINY in Ukrainian 7 Jun 96 p 5

[Unattributed report from Minsk: "Defend the Nation From Its Own President!"]

[FBIS Translated Text] Zyanon Paznyak, leader of the Belarusian Popular Front, and Syarhey Naumchik, head of the Belarusian Helsinki Committee abroad, submitted a statement addressed to Ukrainian leaders at the Ukrainian Embassy in Warsaw. The document expresses hope that the government and political forces will "come out in defense of the international rights and dignity of the individual, which are being ignored by Belarusian authorities."

Moldova

Moldova: Snegur, Kyrgyz Leader Say No CIS Without Yeltsin

LD1006211296 Moscow ITAR-TASS in English 2057 GMT 10 Jun 96

[By Valeriy Demidetskiy]

[FBIS Transcribed Text] CHISINAU, June 11 (Itar-Tass) — Presidents Mircea Snegur of Moldova and Askar Akayev of Kyrgyzstan on Monday [10 June] said that the Commonwealth of Independent States (CIS) will collapse if Russia elects president other than Boris Yeltsin.

Akayev, now on official visit in Moldova, said that with the opposition winning the June 16 election, Russia will withdraw from the CIS which will topple the union.

Snegur said that he believes in Yeltsin's victory and does not see any other outcome of the poll. But whoever comes to power in Russia, there could be no comeback to restoring the USSR or any other totalitarian regime, he stressed.

"We have become open to the world and, in spite of the hardships we are experiencing, we do not want any comeback," he said.

Akayev's visit to Chisinau ended in the signing of a package of bilateral treaties, including a protocol on foreign ministry consultations and agreements on cooperation in science, culture, education, tourism, customs, and car transportation. Also, the sides established a scheme for settling mutual accounts and debts.

Moldova: CIS Deputy Foreign Ministers Discuss OSCE, NATO Issues

AU1006141496 Chisinau BASAPRESS in English 1930 GMT 7 Jun 96

[FBIS Transcribed Text] Chisinau 07/06/1996 (BASA-press) — CIS vice foreign ministers met in Chisinau Friday to hold closed-door consultations on the European security system in the 21st century and OSCE [Organization for Security and Cooperation in Europe] consolidation.

"The purpose of this gathering was not to adopt a common stance, but to exchange opinions," Russian Vice Foreign Minister Sergey Krylov told reporters upon conclusion of the meeting.

The vice ministers discussed issues on NATO and potential danger for the European security.

Krylov said the opinions differed. However, these differences were not about the European security system, but the priorities. "Russia is of course concerned about NATO expansion eastward, while Kazakhstan, for instance, talked about the solution of environment-related problems," said Krylov.

Moldovan Vice Foreign Minister Ion Capatina said Moldova's participation in CIS consultations on European Security did not mean that Moldova broke its commitment not to engage in military-political activities of the community.

"Moldova is an OSCE member and only in this capacity it has attended the European security consultations," said Capatina.

"The participants in consultations do not rule out the possibility to work out a common proposal for the Lisbon summit," according to a press release from the Moldovan Foreign Ministry.

Moldova: Russia's Krylov Calls For 'Urgent Ratification' of Treaty

AU1006143896 Chisinau BASAPRESS in English 1930 GMT 7 Jun 96

[FBIS Transcribed Text] Chisinau 07/06/1996 (BASApress) — The Russian Foreign Ministry is constantly raising the problem of ratification of the Moldovan-Russian basic treaty signed in 1990 before the Russian State Duma, stated Vice Foreign Minister Sergey Krylov after the European security consultations held in Chisinau today.

"Every time we have a meeting with Duma representatives to discuss the documents which have to be ratified, we stress that the Moldovan-Russian treaty is a priority document that requires urgent ratification," said Krylov.

"Russian Foreign Minister Yevgenniy Primakov's visit to Moldova, initially scheduled for the spring, will take place for sure," said Krylov, without giving concrete dates.

Krylov said the European security consultations did not discuss Russian military presence abroad, including Moldova.

Krylov's visit agenda does not include meetings with Moldovan top officials.

He declined to comment the unilateral decision of the Russian side to use former 14th Army troops as peacekeeping forces in Dniester.

Moldova: Dniester Security Chief Calls For 'Confederative Structure'

AU1006142296 Chisinau BASAPRESS in English 1930 GMT 7 Jun 96

[FBIS Transcribed Text] Chisinau 07/06/1996 (BASApress) — Vadim Shevtsov, security minister of the self-proclaimed Dniester republic, told the newspaper DELOVAYA GAZETA (BUSINESS NEWSPAPER) that Chisinau-Tiraspol talks could take twenty or thirty years.

The Moldovan Dniester Republic is not an end in itself, but a way to ensure security of "life of our people and Bessarabian people," said Shevtsov.

To his mind, the Dniester-Moldovan relations should be built upon a confederative structure.

"I assure you that Dniester will not attack Chisinau," said the Tiraspol security head.

According to Shevtsov, the 1991-1992 events in Moldova were based upon the Baltic scenario suggested by "Western secret services."

"Moldova would have been annexed in 1992 had the Moldovan Dniester Republic not been created," said Shevtsov, adding Romania would have bordered Ukraine.

Referring to the Ilascu group, the Tiraspol security minister said "neither Snegur nor the People's Front nor Romania needs Ilascu's release. President Snegur compromised and exposed himself, vapidly and permanently requesting" now Ilascu's transfer to Chisinau, then his pardoning.

Touching upon a three-hour meeting between Vice Premier Cunev and Ilascu, he said the latter spoke in detail of "how the killings were planned, how he was paid for that."

Shevtsov said certain Moldovan forces have not given up their provoking plans. One month ago the Tiraspol secret services had to make public information about several former volunteers and special police officers who intended to conduct an operation in the security zone on May 9-13 to trigger nationalists' actions coupled with anti-government protests, said Shevtsov.

Moldova: Chisinau Wants To Regulate Border Issues With Romania

AU1006143996 Chisinau BASAPRESS in English 1930 GMT 8 Jun 96

[FBIS Transcribed Text] Chisinau 08/06/1996 (BASApress) — Moldovan Security Minister Vasile Calmoi has said "Romanian border guard authorities have not quite a friendly way when it comes to the notion of 'state border' and an authoritative attitude toward Moldovan border guards."

Calmoi told the governmental MOLDOVA SUVERANA that "the Romanian side is perhaps ready to sign a border cooperation agreement with technical character, but it does not seem interested to sign an intergovernmental accord to consolidate the juridical status of the state frontier."

An agreement on border guarding cooperation with Romanian "has remained at the stage of good and sound intentions."

Chisinau suggested "finalizing these problems during the preparation and conclusion of the bilateral treaty on state border and border regulations. We think this process should be sped up using the documents on the Soviet-Romanian border re-demarcation carried out by a joint commission in 1982-1991, proceeding from the fact that neither side has territorial claims," said Calmoi.

Kazakhstan

Kazakhstan: U.S. To Increase Aid for Conversion of Nuclear Weapons

LD1106084296 Almaty Kazakh Television First Program Network in Russian 1400 GMT 10 Jun 96

[FBIS Translated Text] [Aytkaliy Yesengulov], deputy defense minister of the Republic of Kazakhstan received a delegation from the U.S. Defense Department headed by Laura Hallgate, the special coordinator for cooperation in reducing the nuclear threat.

Two amendments to agreements were signed during the meeting relating to material and technical assistance to dismantle the shaft and launching equipment for intercontinental ballistic missiles and the physical protection of nuclear materials. The documents envisage increasing U.S. allocations for these purposes to $101 million.

[Begin Yesengulov recording] This is major assistance being rendered by the U.S. Defense Department, aimed at implementing the accords and agreements that have been reached. Kazakhstan will fulfill all its commitments to ensure its status as a nuclear-free state. [end recording]

The financing of the work to dismantle the shaft equipment and the protection of nuclear materials will be targeted and paid by contract.

In the afternoon, Mrs. Hallgate held a news conference on the amendments introduced into the cooperation program agreements to reduce the nuclear threat. As for the agreement to control stock-taking and the physical protection of nuclear materials, the American side has allocated approximately an additional $15 million to continue this work. An agreement was signed in 1993 to eliminate strategic attack weapons, and it includes several draft projects today — the dismantling of 148 sets of shaft and launching equipment for ballistic missiles, heavy bombers, and unified refueling systems in Kazakhstan. About $79 million was allocated for carrying out this work. Permission has already been received to place orders to obtain equipment to dismantle the heavy bombers.

On the same day amendments were introduced to the agreements between the U.S. Defense Department and the Ministry of Science and New Technology of Kazakhstan to liquidate nuclear weapons infrastructures. Approximately an additional $16 million has been allocated for its implementation. Of the 186 nuclear testing galleries in the Delegen mountains of Semipalatinsk region, some tens of them have already been sealed off by the joint efforts of the Kazakh and American sides. According to Mrs. Hallgate, the technology to seal them poses no threat to the environment. According to an amendment, the Stepnogorsk plant for producing biological weapons will be converted [to civilian use]. According to the Minister of Science Vladimir Shkolnik, an enterprise is planning to produce vitamin products there.

Kazakhstan: Foreign Ministry Expresses 'Deep Concern' on PRC Nuke Test

LD1006151096 Moscow ITAR-TASS World Service in Russian 0945 GMT 10 Jun 96

[By KazTAG correspondent Gennadiy Kulagin]

[FBIS Translated Excerpt] Almaty, 10 June — Today, the Kazakh Foreign Ministry released a statement on the test by China of a nuclear weapon at the Lop Nor test range in the Xinjiang-Uighur autonomous district inside the PRC border. The statement said that the nuclear test was "met in Kazakhstan with deep concern." [passage omitted]

The Kazakh Foreign Ministry statement stresses that Kazakhstan consistently has called for a nuclear weapon test ban and treaty, and constantly has maintained that the PRC should make its contribution to this aim, which is espoused by all countries who seek a world free from the nuclear threat.

In this connection, the Kazakh Foreign Ministry welcomes in its document the statement by the PRC Foreign Ministry on China joining the nuclear weapons test ban moratorium. The Kazakh Foreign Ministry document says that this important act will create favorable conditions for a universal ban on nuclear weapon tests and will provide good prospects for further harmonization of international relations.

Kazakhstan: Foreign Ministry Denies Linkage of Treaty, Xinjiang 'Purge'

LD1106105996 Almaty PANORAMA in Russian 7 Jun 96 p 5

["Nationalities: Leaders of the Uygur Community believe That the Shanghai Treaty on the Borders Between the PRC and the Post-Soviet states Has Allowed the Repression of Uygurs in the Xinjiang-Uygur Autonomous Region"—PANORAMA headline]

[FBIS Translated Text] Uygur community activists have asked the editorial office of PANORAMA to publish an appeal by Uygur public organizations to the presidents of Kazakhstan, Kyrgyzstan, Russia and Tajikistan.

The appeal says:

"The establishment of friendly relations between the states you lead and China meets the peace and security interests of the peoples of the Eurasian continent. At the same time, these relations always directly or indirectly touch on the interests of the Uygurs living in East Turkestan [the Xinjiang-Uygur Autonomous Region of China], which is the historic homeland of the Uygurs.

"In early May 1996 the world's mass media reported an unprecedented political purge unleashed by China in the Xinjiang-Uygur Autonomous Region 10 days after the signing of the Shanghai Treaty [border accord signed on 26 April by Chinese, Russian, Kazakh, Kyrgyz, and Tajik presidents]

"As a result of the repressions, 1,700 people were arrested, according to the Chinese press, including national [ethnic Uygur] officials, clergymen, members of the intelligentsia, students, and youth accused of separatism. According to our data, in the last 15 days, 3,000 more Uygurs have been arrested.

"The authorities have set up a special commission. Its function includes defining a list of publications of Uygur classical literature, religious literature, and national musical publications that are being seized by force from the public, from shops, and from printing houses.

"The Shanghai agreements you signed to a great extent prompted the beginning of the mass repressions. It is no secret that Beijing is making attempts now to involve the states you lead in taking part in their plans to fight separatism in the Xinjiang-Uygur Autonomous Region.

"Chinese politicians are trying completely to assimilate the indigenous population of the Xinjiang-Uygur Autonomous Region. The Tarim Depression—an oil-bearing region—is being subjected to the most intensive resettlement at present, where it is planned to raise the number of ethnic Chinese to 70 million people by the year 2000. Every day, 40,000-50,000 Chinese migrants are arriving to settle in Tarim.

"China is building three highways and two railway lines in addition to the existing ones in order to connect Tarim with the Chinese interior."

The authors of the appeal say they are also sure that: "in signing the Shanghai accords, none of the sides (except China) expected the negative consequences of the treaty." They also ask that the rights of the Uygurs as the indigenous population of Xinjiang be taken into account in implementing multilateral and bilateral political actions with the PRC.

The Ministry of Foreign Affairs of the Republic of Kazakhstan says there is no relationship between the signing of the Shanghai Treaty and the May events in the Xinjiang-Uygur Autonomous Region of the People's Republic of China. The Ministry of Foreign Affairs of the Republic of Kazakhstan comments on the appeal by Uygur community activists at the request of PANORAMA:

The press service of the Ministry of Foreign Affairs of the Republic of Kazakhstan on 6 June received the text of an appeal from PANORAMA newspaper with a request to comment on the "appeal by Uygur public organizations" to the presidents of Kazakhstan, Kyrgyzstan, the Russian Federation, and Tajikistan. This document has been thoroughly studied.

It must be said that this is not the first material of this kind, disseminated by the so-called "United National Revolutionary Front of East Turkestan," an organization which, as is known, is not registered at the Ministry of Justice of Kazakhstan.

It must be noted that the repeated references in the appeal to the Shanghai agreement signed on 26 April this year by the five heads of state are absolutely incorrect, as the main point of this treaty was to strengthen confidence-building measures in the military sphere along the border.

The political content and geographical scale of this unique agreement create reliable conditions for security and stability in the Asia-Pacific region and are fully in accord with the essence of Kazakhstan's foreign policy strategy.

We believe there is no relationship between the signing of the Shanghai Treaty and the May events in the Xinjiang-Uygur Autonomous Region of the PRC.

As for the specific facts in the letter, they need more careful checking before they can be interpreted one way or the other.

The Republic of Kazakhstan strictly adheres to the joint agreements reached during the visit of President Nursultan Nazarbayev to China in October 1993 and September 1995, firmly rules out interference in the neighboring state's internal affairs, and respects its territorial integrity.

The PRC pursues the same policy in relation to Kazakhstan.

In the years of independence, our country has confirmed its adherence to the fundamental values of democracy, as seen in the active construction of a law-governed state, the formation of democratic institutions, and guarantees of the protection of human rights. In this sphere, the Republic of Kazakhstan will devotedly back the efforts of the world community to support and develop democracy and social progress.

This material was presented by the press service of the Ministry of Foreign Affairs of the Republic of Kazakhstan.

Kyrgyzstan

Kyrgyzstan: Akayev on Russian Election, CIS Prospects

MM1006153996 Moscow ROSSIYSKAYA GAZETA in Russian 8 Jun 96 p 7

[Interview with President Askar Akayev of Kyrgyzstan by RIA-Novosti special correspondent Viktor Bezbrezhnyy especially for ROSSIYSKAYA GAZETA, datelined Bishkek-Moscow; no date given: "Askar Akayev: 'Kyrgyzstan Sees Russia Not Only as a Partner and Ally, But Also as a Protector'" — first paragraph is introduction; from the "Economic Union" section]

[FBIS Translated Text] The interview with the president of the Republic of Kyrgyzstan touches not only on this topic, but also on Russian culture, the [presidential election] marathon race, the sad and promising prospects for the CIS, Yeltsin's role, and some other topics.

[Bezbrezhnyy] Askar Akayevich, what does Russia mean for Kyrgyzstan?

[Akayev] Russia has been, is, and I am convinced that it will remain a guarantor of stability, peace, and progress on the Eurasian continent where Kyrgyzstan also lies. Therefore, we are firm supporters of an alliance with Russia. I believe that the political alliance with it is of paramount importance for us as regards preserving Kyrgyzstan's independence and sovereignty. Last February, while I was in Moscow on my first official visit, Russian President Boris Nikolayevich Yeltsin and I signed in the Kremlin a treaty on the deepening of mutual relations between our countries. We have long been aware of the need for us to maintain close ties with Russia. This was realized even by our forefathers. Petersburg was first visited by Kyrgyz ambassadors 210 years ago, and they were received by Catherine the Great. The intention to stay under Russia's wing and be part of it was the right step. It brought progress to our people.

Close ties with Russia are important for us also because we do not wish to detach ourselves from the great Russian culture. It was, after all, through it and through the Russian language that we boosted literacy, education, and science in our country. It was through Russian culture that we gained access to the achievements of world civilization, and we highly appreciate this. Our own cultural image in the 20th century has been greatly enhanced through the great Russian culture. Therefore we wish to ensure that future generation can also have access to this everlasting source. It was no accident that the emphasis during my aforementioned visit to Moscow was placed on the development of humanitarian cooperation. We had somewhat forgotten all about it during the last few years, it was being curtailed. Thus, in Moscow we signed an agreement whereby Kyrgyzstan received quotas for the admission of our young men and women to Russia's best higher education establishments. There are 50 such quota places for the time being. We hope that this number will double.

Russia is also important for us from the economic viewpoint. We are now gradually extricating ourselves from the crisis — both Russia and Kyrgyzstan. Last year, for example, here in our country we achieved financial and economic stability at the price of huge efforts. This year we have already made slow progress toward the market but, if truth be said, the market is still unstable.

There are many people saying that it is necessary to work with the West. The West is, of course, helping us, this cannot be denied. And the stability which I mentioned earlier was achieved also thanks to the huge assistance from international financial organizations. But they are, to a large extent, interested only in selling their output to us rather than developing our own industry. As president, I see the way to industrial upsurge lying primarily through cooperation with Russia. After all, we achieved our industrial development within the Soviet Union's framework. This is why Russia and we have now signed a package of agreements on the revival and modernization of industrial enterprises. It is beneficial to both sides because it helps to restore the former economic ties. It must also be said that the revival of enterprises will help stop the outflow of Russian-speaking population from Kyrgyzstan. This is also the aim of a special state program. The fact that we opened a Slav University, gave the Russian language official status, and undertook a series of other measures has helped to fully halt migration. In fact, many of our "native" Russians are coming back to us and new ones are coming to take up residence. This is gratifying.

[Bezbrezhnyy] Russia is now tensely awaiting the presidential election, a struggle is being waged between different political forces. In your view, as leader of Kyrgyzstan and one of the CIS leaders, what could happen if the communist opposition were to come to power as a result of the election?

[Akayev] As for Kyrgyzstan, our attitude toward Russia will never change, regardless of who is in power in Moscow or here, I can assure you of this. This is because Russia is our natural ally and partner, because a small country in today's complex world must have a mighty state as its protector. Russia has always been our protector. But I am convinced that Russia's attitude toward us will change radically for the worse, and this will occur as a result of the collapse of the CIS if the Communists come to power in Russia. There is no doubt about it. The program declarations by Russian Communists make it clear that market reforms will be reversed, and this will be incompatible with the interests of other Commonwealth states which have taken the path of such reforms.

This collapse will also be promoted by the defeat of democracy in Russia, should this actually occur. Armenia's president has already made an unambiguous statement in this context. No matter how abusive we may be about our CIS for its inefficiency, it has nonetheless become a foundation for building the fragile edifice of our mutual relations. The Commonwealth prevents fresh interregional and interethnic conflicts and confrontations. Despite all its faults, the CIS enables us to preserve the traditional economic ties and build up new ones. All this will collapse. The "quartet" of Russia, Belarus, Kazakhstan, and Kyrgyzstan will also collapse instantaneously. This is why I resolutely support Boris Nikolayevich Yeltsin's candidacy. I see him as guarantor of the continuation of economic reforms and democratic transformations in Russia, and also as a man who is doing a great deal for the deepening of integration between CIS countries.

[Bezbrezhnyy] Do you think that this integration is being undermined by the formation of regional associations of states across the Commonwealth's territory, are we witnessing the "fragmentation" of the CIS in different groups?

[Akayev] Certainly not! Whether the "quartet," the Community of Russia and Belarus, or the Association of Central Asian States — none of these goes to fragment the CIS but serves the accelerated development of integration processes in it. This is an Olympic Games year, and I shall use a sporting metaphor. There is always a leader in a marathon or any other race. He sets a target for the rest who try to catch up with him. Nobody tries to match the laggard. After all, the CIS is trying to enhance its status in the world. In order to achieve this, it needs to achieve progress within its own borders. Therefore, it needs leaders in this "race" toward a new level of progress. And since the Commonwealth already includes states which have achieved a higher degree of integration and have united on this basis, they are the ones to play the role of leaders with whom, I am firmly convinced, the rest will start to try and catch up.

[Bezbrezhnyy] In this context, how do you perceive the development of the mechanism for cooperation between the "quartet?"

[Akayev] Everything is very simple here. The decision-making mechanism within the "big CIS" is rather complex. We are still talking about 12 states with different levels of development and different orientations. The four will be able to resolve their problems much more easily, we have much more in common. Look, for example, at the ease with which customs barriers were lifted between Russia and Belarus, between our Kyrgyzstan and Kazakhstan.

[Bezbrezhnyy] One last question. Your people's national epos "Manas" testifies that even 1,000 years ago the Kyrgyz people knew not only their immediate neighbors but also, to use today's expression, the "far abroad." What are the priorities of today's Kyrgyzstan in this direction?

[Akayev] For a state, five years of sovereignty are a very brief period of time. We are looking, we are studying. We cooperate with the PRC, Malaysia, Japan, the European countries, the United States. The priorities have not yet been defined, we are at the early stage of getting to know one another. If we look at trade, our preferences lie along the direction of the ancient "Silk Road."

Kyrgyzstan: Paper Fears New Ethnic Clashes Near Tajik Border

LD0806102796 Bishkek SLOVO KYRGYZSTANA in Russian 31 May 96 p 1

[Unattributed report: "Surely Not Again"]

[FBIS Translated Text] Alarming reports are coming in again from the most remote district of Kyrgyzstan — Batken in Osh Region. According to DELOVOY MIR, a very real possibility has arisen here that the bloody Kyrgyz-Tajik conflict might be repeated.

Misunderstandings happen almost every day in this dangerous district. Sometimes Tajiks dig a drain and run water through it onto a parcel of Kyrgyz soil which they have developed unlawfully, and sometimes Kyrgyz sheep nibble round a young orchard which has been planted where there was pasture land only yesterday. More and more frequently, market-place disputes end with the frightening cry: "Go back where you belong."

Armenia

Armenia: Ter-Petrosyan Addresses ANM Congress on Karabakh Issue

NC1006140196 Yerevan SNARK in English 1008 GMT 10 Jun 96

[FBIS Transcribed Text] Yerevan, June 10 (SNARK) — On June 8, the Armenian National Movement (ANM) ruling party held its 8th special congress. President Levon Ter-Petrosyan stated there that the international community wrongly identifies the Karabakh conflict with those in Pridnestrovye, Chechnya, Abkhazia, Ossetia, Northern Cyprus, etc. showing a similar approach to their resolution. Meanwhile, the Karabakh conflict differs from the others.

According to the President, the peoples involved in the mentioned conflicts are not under a threat of genocide because the governments guarantee the survival of adversary parties. In particular, there was no genocide of any nation residing in Russia during its 400-year long history. No Abkhazians, Ossetians, Armenians or Azeris are in jeopardy of genocide in Georgia unlike Armenians in Nagorno-Karabakh, the President said.

The world community calls upon Armenia to solve the problem in line with international law. But the matter is that in 1988 Armenia's and Karabakh's attempts to observe international law led to massacres in Sumgait on February 20-28, 1988 followed by slaughters in Kirovabad, Baku in January of 1990, and the deportation of Armenians from 24 villages in the Northern Karabakh in April-June, 1991.

Territorial integrity must not result in violations or subjection of one people to the other. Armenia's stance is free self-determination, the president stressed noting that NKR [Nagorno-Karabakh Republic] will determine its destiny itself.

Armenia: Foreign Minister Receives OSCE Delegation

NC1006183996 Yerevan Armenia's Radio First Program Network in Armenian 1630 GMT 10 Jun 96

[FBIS Translated Text] Armenian Foreign Minister Vahan Papazyan has received an OSCE Minsk Conference delegation headed by its Russian cochairman Valentin Lozinskiy. The delegation is on a visit to the region.

Vladimir Kazimirov and Rene Niberg, the representatives of the Russian and Finnish cochairmen of the OSCE Minsk Conference, are also included in the delegation.

Expressing concern over the lack of productivity of the latest round of talks, Lozinksiy expressed the view that the sides should take a more flexible approach in the future. Nevertheless, according to the Russian cochairman, the contacts in Baku and Stepanakert have confirmed that the sides are ready to continue the talks.

Niberg underlined the need for a direct bilateral relations between the conflicting sides.

For his part, Papazyan assured them that Armenia will do its utmost to enhance the productivity of the negotiating process.

Armenia: Investment, Health Agreements Signed With Egyptian Minister

NC1006210396 Yerevan Radio Yerevan International Service in Armenian 1630 GMT 10 Jun 96

[FBIS Translated Text] At the conclusion of the visit paid to Armenia by an official Egyptian delegation under Mrs. Nawal al-Tatawi, economy and international cooperation minister, an agreement on promotion and mutual protection of investments between the two countries and a protocol on the session of the Armenian-Egyptian Intergovernmental Economic and Scientific-Technical Commission were signed on 9 June. An agreement on cooperation in the health sphere was initialed.

At the news conference before the signing ceremony, the Egyptian minister said that the negotiating process will continue in the future for the signing of agreements in other sectors, primarily in the construction, banking, scientific, and information spheres.

Armenian Ambassador to Egypt Eduard Nalbandyan said at a news conference on 9 June that Armenian-Egyptian ties are developing very dynamically. This is evinced by the intensity of the mutual visits, which reached more than 30 in the last two years alone. The current visit of this delegation to Armenia also confirms that there is a desire to develop the ties between the two countries.

During the meeting with the Armenian president, an invitation from President Levon Ter-Petrosyan to Egyptian President Husni Mubarak to visit Armenia was handed to the head of the Egyptian delegation.

A similar invitation was sent by Armenian Prime Minister Grant Bagratyan to his Egyptian counterpart Dr. Kamal al-Janzuri.

Mr. Nalbandyan also noted that the Speaker of the Egyptian parliament Fathi Surur has sent an official invitation to the Chairman of the National Assembly Babken Ararktsyan to visit Egypt this autumn. The foreign ministers of the two countries are also expected to exchange visits.

Eduard Nalbandyan also spoke about the Armenian community in Egypt. He noted that though small, 10,000 in all, nothing prevents it from living a full national life. Four Armenian schools function in the country; two dailies and one weekly newspaper are published. The first Armenian newspaper was published in Egypt more than 130 years ago. The Armenian radio station has been broadcasting for the last 40 years.

Armenia: President Leaves for Official Visit to France

LD1106111096 Moscow INTERFAX in English 1056 GMT 11 Jun 96

[FBIS Transcribed Text] YEREVAN, June 11 (Interfax) — A high-level Armenian delegation led by President Levon Ter-Petrosyan on Tuesday left for an official visit to France.

The delegation is due to meet France's President Jacques Chirac and Prime Minister Alain Juppe to discuss trade, economic cooperation, the possibilities of French investment into the Armenian economy, development of democracy in the former Soviet republic, its integration into European bodies and ways of settling the Nagorno-Karabakh conflict, a spokesman for Ter-Petrosyan said.

Discussing closer cultural, educational and scientific cooperation is also on the visit agenda, the spokesman told Interfax.

The two sides are expected to sign accords on air transport and measures to avoid dual taxation.

The spokesman said the delegation and its hosts were going to discuss not French humanitarian aid to Armenia but cooperation between the two countries.

France planned to invest in the South Caucasian country's energy and transport industries, he said.

The spokesman said Yerevan hoped Paris would back Armenia's bid to join the Council of Europe.

Ter-Petrosyan also plans to meet Senate President Rene Monory and make a speech at the National Entrepreneurial Center.

On Wednesday evening he is due to take part in opening an "Armenia between East and West" exhibition.

Armenia: Ter-Petrosyan Nominated as Presidential Candidate

NC1006163096 Yerevan Armenia's Radio First Program Network in Armenian 1300 GMT 10 Jun 96

[FBIS Translated Text] As already reported, the 8th extraordinary congress of the Armenian Pannational Movement on 7 June nominated Levon Ter-Petrosyan as presidential candidate.

The president also spoke at the congress; and now I bring to your attention some excerpts from his address:

Analyzing the developments in the republic's economic, domestic, and foreign policy in recent years, the Armenian president said that we have not only not betrayed the principles embraced in 1989, we have rather implemented them in practice [words indistinct]. These are the attainment of independence, the liberation of Artsakh [Nagorno-Karabakh], privatization of land, consolidation of democracy, fulfillment of the economic reforms, our consistently peaceful foreign policy, and our aspiration to normalize the ties with the neighbors.

At the same time, had all the political forces in the republic taken a similar approach in view of Armenia's conditions, which were far more complex than the ones in the other decolonized states, then our achievements today would be greater.

Noting that the republic has also gone through critical periods, Levon Ter-Petrosyan added: I can now state with utmost confidence that as long as our difficulties in the near future are reasonable, crises and upheavals will never again (?occur) in Armenia.

Azerbaijan

Azerbaijan: Aliyev Receives Former U.S. Official Zbigniew Brzezinski

NC1006154296 Baku TURAN in English 1043 GMT 10 Jun 96

[FBIS Transcribed Text] Baku/10.06.96/TURAN—Today the president Geydar Aliyev received Zbigniew Brzezinski—former Assistant for the National Security of the U.S. President Jimmy Carter. He arrived in Baku at the invitation of the oil company AMOCO.

"Our relations with the American oil companies are developing successfully and there are opportunities for expansion of these relations," the president said greeting the guests.

Brzezinski expressed satisfaction with the level of the American-Azeri relations and noted that it is necessary to coordinate and correct the economic steps with the political ones. "Just that is why I am here," Brzezinski said.

"I am satisfied with the achievements in the cooperation between the two countries, but these relations should strengthen as Azerbaijan attaches a great significance to the relations with the U.S.," Aliyev said.

The president said that Azerbaijan had serious problems as it defends its independence. "But despite these problems and losses we will not waive our independence," Aliyev said.

Speaking about foreign policy and co-operation with the West the president noted that while choosing the route of the "early oil" Baku had taken into account the wishes of the oil companies and the opinion of the American government. "In response to this, 907 Amendment of the Congress of 1992 was not lifted, moreover new steps against Azerbaijan had been taken. I mean the amendment of the Congressman Porter according to which the U.S. can provide governmental assistance to Azerbaijan only under the condition if governmental assistance is provided for Nagorno-Karabakh. Despite that we are not going to change our foreign policy," the president said.

Brzezinski expressed gratitude to Aliyev for this position and noted that the main thing for the Azerbaijan is to maintain the independence of Azerbaijan. "We would like the co-operation between the U.S. and Azerbaijan be beneficial not only for these two countries but for Armenia, Georgia, Central Asia and Russia," Brzezinski said.

He noted that during the presidential elections foreign political factors influence greatly the home policy of the U.S. "In this respect, the amendment of Porter is a classic example of such kind which bought tension to the Turkish-American relations too. The higher is the level of the economic relations between the countries the easier solve such political problems", he added.

"We would like to see the results of such co-operation," Aliyev said.

"That needs time," Brzezinski said.

"But our patience is coming to the end," Aliyev answered.

Then the meeting was held behind the closed doors.

Azerbaijan: Aliyev Receives Iranian President's Assistant

NC1006133396 Baku TURAN in English 0430 GMT 10 Jun 96

[FBIS Transcribed Text] Baku/10.06.96/TURAN—Yesterday President Aliyev received Mehdi Hashemi — Assistant of Iran's President, Embassy of Iran in Baku reports. Mr. Mehdi Hashemi sent the best regards of President Hashemi-Rafsanjani to President Aliyev. The issues related to interests of both states have been discussed during bilateral meeting, the same source reports.

Mehdi Hashemi has arrived in Baku at the invitation of son of Azeri President, Ilham Aliyev.

Azerbaijan: Total of 250 Mosques Said 'Illegal, Unofficial'

NC1006134196 Baku TURAN in English 0430 GMT 10 Jun 96

[FBIS Transcribed Text] Baku/10.06.96/TURAN—Presently 250 out of approximately 1,000 operating mosques are illegal and unofficial in Azerbaijan, Sheikh-ul-Islam Haji Allahshukuur Pashazade told TURAN Agency. He said numerous boxes for donations, which have appeared on Baku's streets, have nothing in common with the Spiritual Department. Sheikh-ul-Islam said in this connection he has already sent the letter to Baku's Mayor, Rafael Allakhverdiyev. He also said he does not know where these donations go.

Sheikh has acknowledged that the authorities have arrested the employees of the Spiritual Department for forgery of documents. The documents belonged to young people, who were leaving for sacred places. He stressed the administration of the Department has nothing to do with that.

Commenting on statements of several spiritual leaders of Northern Caucasus that Baku's Spiritual Department has not the right to speak on behalf of all citizens of Caucasus, Sheikh noted that the Department has received the name in 1943 after the Congress of Muslim of Caucasus.

Regarding to information of Deputies that Sheikh builds private house in Montin district, Pashazade said this is a guest house.

As far as arrests of Islamists are concerned, Sheikh said the Spiritual Department bears no relation to political organizations, such as Islamic party.

Azerbaijan: Pakistani Minister Proposes Oil Exports Via Pakistan

NC1006203796 Baku Radio Baku Network in Azeri 1800 GMT 10 Jun 96

[FBIS Translated Text] During his meeting with the president of the republic, Pakistan's Nuclear Energy [word indistinct] Minister (Enver Seytullah Khan) said that the Pakistani pipeline network could be used to export Azerbaijani oil to the world markets. (Setullah Khan) informed the president about the agreement with Turkmenistan for the construction of gas and oil pipelines. He said that the pipeline will help to open up to the eastern market [words indistinct]. He said that

Kazakhstan intends to join the project, and it would be good if Azerbaijan joins it too.

Georgia

Georgia: Shevardnadze Interviewed on Peace, Stability in Caucasus

LD1006132396 Tbilisi Radio Tbilisi Network in Georgian 0716 GMT 10 Jun 96

[Interview with Georgian President Eduard Shevardnadze by Nato Oniani, in the studio, 10 June — recorded]

[FBIS Translated Excerpt] [Oniani] Last week's economic events include the following: Yesterday's session was devoted to the freeing of bread prices and related problems. Then there was the Kislovodsk meeting on 3 June discussing peace in the Caucasus with the Russian president and Caucasus leaders. Common regional economics was discussed and a declaration was signed.

Yet the forum was interesting from another angle. You stressed in an interview that the responsibility for settling conflicts in the Caucasus and for the future of the Caucasus as a whole rested on the North Caucasus leaders. Following the Kislovodsk meeting, the Caucasus theme continued on 4 June. The Armenian president, Levon Ter-Petrosyan, arrived in Georgia on that day. When you returned from Iran you said in an interview that this visit would be significant as it would play an important role in Armenian-Georgian relations.

[Shevardnadze] Thank you. Good morning. If you allow me, I shall start with the Caucasus issue. Last week's meeting in Kislovodsk between the Russian president and the leaders of the Transcaucasian countries was very significant for global economic development and international organizations and structures. Our country's potential or realistic possibilities are also of interest to them. The declaration on accord and friendship between the peoples of the Caucasus and on economic and cultural cooperation in the Caucasus, signed by the presidents in Kislovodsk, clearly confirms significant development of our common economic zone, of cooperation in trade, the economy, science, technology, transport, construction, power and engineering, as well as settling current conflicts in the region.

I would like to single out the agreement on restoring the communications network in the region, which is a vital prerequisite for reviving traditional economic links between the states.

The For a Peaceful Caucasus movement is undoubtedly gaining momentum. Cultural and scientific links between the peoples of the Caucasus have become more active. [passage omitted] Not only the peoples and the states of the Caucasus are interested in peace in the region but also the world countries and their leaders, especially now that there are such prospects in the offing as the Euro-Asia corridor, Caspian oil and other developments.

In this connection, Armenian President Levon Ter-Petrosyan's visit to Georgia is very important. During his visit, the spheres of Armenian-Georgian trade and economic cooperation began to take shape as did prospects for cooperation between the regions, the drawing up of transnational programs, organizing cargo transit to the North and the South, integration into the Black Sea and the European Union's economic space, as well as cooperation in power and engineering, transport and finance. In total, approximately ten agreements were signed during the visit, including ones promoting investments and their mutual protection, on establishing production cooperatives, financial and industrial groups, as well as agreements on trade, the economy and agriculture. [passage omitted]

Last week, I had a meeting with James Gustave Speth the visiting administrator of the United Nations Development Program. Soon this organization is planning to implement programs for creating social and working places. Assistance in restoring transport, communications and the power and engineering system will also be stepped up. We have signed a protocol of intent to render assistance to Georgia which provides for the allocation of $3 million. Part of this sum may be spent on rehabilitating the Tskhinvali [in South Osetia] region and on restoring buildings, houses and roads which were destroyed during the conflict. We shall have to hold serious talks on the above issue both with the Tskhinvali region administration and the North Caucasus leaders.

[Shevardnadze] The next question you asked me concerned liberalization of bread prices. Prices for bread are to be freed in practice this week. We have already announced this many times. The 9 June session, chaired by the Georgian president, was devoted to the implementation of reforms in the system of bread products. The leaders of local and regional bodies, as well as of ministries and departments, participated in the session. [passage omitted]

From the social, economic and political point of view, the liberalization of bread prices and the simultaneous removal of bread products from the state system has proved to be a more responsible step than the measures taken by us to establish microeconomic stability, to restructure the budget and banking system, implement mass privatization, and even to introduce the national currency, despite their vital importance. The liberalization of bread prices will finally confirm the country's readiness to switch from a state economy to a market economy. This will enable the developed western countries to allocate additional and more substantial loans to Georgia and lead the country out of its crisis. [passage omitted]

I would also like to touch on other economic issues. The replenishment of the state budget is our priority now. If we work hard on it, I do not rule out that by the autumn we shall be able to increase wages, provided revenues are received in central and local budgets.

Revenues of 16.5m lari received from the Customs Department in the last five months exceed approximately sixfold revenues received in the same period last year. In May alone, the state budget received revenues of over 5m lari. In the meantime, it must be noted that according to five months' data, there still are delays and the budget is 2.5m lari short of what had been planned.

According to the Tax Inspectorate, the state budget received 25m lari in May. True, it only marginally exceeds the planned index but it must be noted that since the beginning of 1996, there has been a tendency towards an increase in revenues. In particular, in January 11m lari has was received, in February 15m lari, in March and April over 17m lari, etc.

According to the Tax Inspectorate's information, as a result of sales of wheat and flour the state budget received 11m lari in May, which equals revenues received in January-April 1996. [passage omitted]

Sakenergo [Georgian energy department] has reported that with the onset of the summer season, the extra energy available enables us to export more of it to cover our debts. Every 24 hours we export 1.5m kWh of electricity to Turkey and 330,000 kWh to Azerbaijan. In the meantime, we must start preparing the energy system for next winter. We must settle in the near future the problem of payments for power which has been used in order to accumulate the necessary fuel, carry out repair work and buy spare parts. Therefore, the measures laid out in the Georgian president's recent decree must be carried out promptly. [passage omitted]

We must step up the process of restructuring Sakenergo [the Georgian energy department]. Our American friends at the U.S. Agency for International Development have rendered invaluable assistance to us in drawing up a project for the restructuring of Sakenergo. The United States expressed readiness to settle the issue of transporting oil. This was confirmed by a visit to Georgia last week by the deputy secretary of the US Department of Energy, Charles B. Curtis. During his visit, he had businesslike talks with the Georgian president and other leaders.

[Oniani] Thank you. Mr. Shevardnadze, the president of Germany — a country which has always cared for Georgia in a special way — will pay an official visit to Georgia this week.

[Shevardnadze] I would call this week German week. Germany's special, warm and friendly attitude towards Georgia is well-known. The visit to Georgia by German President Roman Herzog and his wife heralds the beginning of new, comprehensive and wide relations with Germany. In the meantime, this visit stresses the special interest of the German people in Caucasian problems on the whole and we welcome it. Georgia, which is building an independent, democratic and free state, will welcome the esteemed guest with a feeling of gratitude.

[Nato Oniani] Thank you. You were listening to Georgian President Eduard Shevardnadze.

Georgia: MP Denies Former Soviet Arms Transfer to Russia

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[By Tengiz Pachkoria]

[FBIS Transcribed Text] TBILISI, June 10 (Itar-Tass) — A Georgian lawmaker in charge of national security denied Western media reports which said that Georgia may hand over to Russia a part of ex-Soviet weapons it inherited after the USSR collapse in 1991 under the so-called Tashkent agreements.

Revaz Adamia, chairing the parliament committee for security and defence, told Itar-Tass that the legislature is unlikely to consider the issue in near future. Media reports said that it has already evoked heated debates in Tbilisi.

Adamia said that the protocol on the quotas of weapons and military equipment is part of a bilateral treaty on Russian military bases in Georgia which will be ratified only after Georgia restores its territorial integrity.

Asked whether the Defence Ministry has ever voiced its intent to transfer the arms to Russia, the lawmaker said that "any ministry or agency have a right to voice their opinion."

"However, the final decision on the transfer of the quotas of weapons will be taken, in accordance with the republic's constitution, by the Georgian president and the parliament of the republic," he stressed.

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